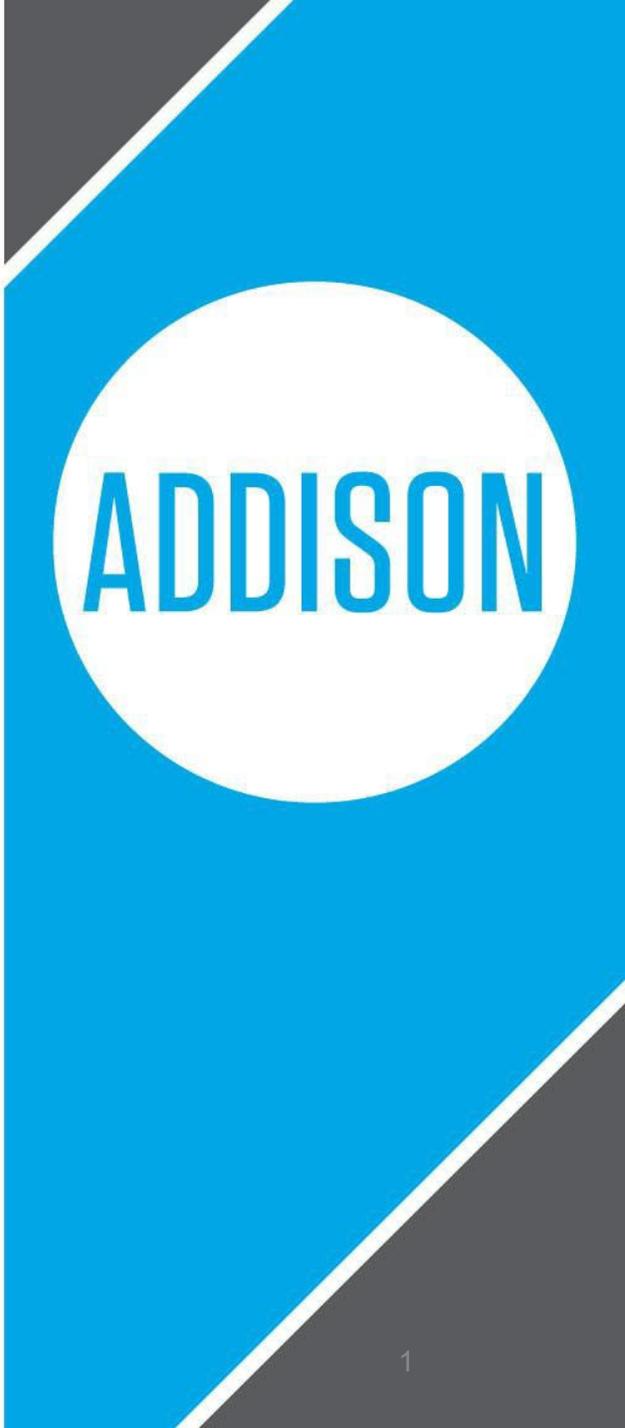


TMRS, Budget, and Tax Rate Update FY2023



ADDISON

Property Tax Rates

	FY2022	FY2023 Proposed Budget	FY2023 Proposed Corrected
No-New-Revenue	\$0.548593/100	\$0.563865/100	\$0.563865/100
Voter-approval	\$0.679498/100	\$0.753995/100	\$0.689157/100

TMRS 30% Ad Hoc – FY2023 Impact

Fiscal Year 2023 Impact				
	Total Impact	Tax Rate Impact	Updated Tax Rate	Change from FY22 Tax Rate
30% Ad Hoc	224,207	0.003240	0.600272	(0.014388)

- Can be absorbed in the budget with a property tax rate of \$0.600272/100 which is still lower than the FY22 tax rate.
- The pension would still be funded at 94.5% which would not harm the Town's bond rating according to our Financial Advisor.
- Does not provide a COLA for all current retirees due to those that retired the earliest receiving COLA's through 2015. Approximately 85 current retirees would not receive an increase. All those that would not receive an increase retired prior to 2007. No COLA for future retirees.
- Most financially stable ad-hoc option and there would be no need to look at other funding options.
- While it does raise the expenses in other funds, it does not require additional revenue generation in those funds for them to remain balanced (except for Hotel Fund which is not currently balanced).

TMRS 50% Ad Hoc – FY2023 Impact



Fiscal Year 2023 Impact				
	Total Impact	Tax Rate Impact	Updated Tax Rate	Change from FY22 Tax Rate
50% Ad Hoc	509,561	0.007365	0.604396	(0.010264)

- Can be absorbed in the budget with a property tax rate of \$0.604396/100 which is still lower than the FY22 tax rate.
- The pension would still be funded at 92.7% which would not harm the Town's bond rating according to our Financial Advisor.
- Does not provide a COLA for all current retirees due to those that retired the earliest receiving COLA's through 2015. Approximately 2 current retirees would not receive an increase. No COLA's for future retirees.
- There would be no need to look at other funding options.
- While it does raise the expenses in other funds, it does not require additional revenue generation in those funds for them to remain balanced (except for Hotel Fund which is not currently balanced).

TMRS 70% Ad Hoc – FY2023 Impact

Fiscal Year 2023 Impact				
	Total Impact	Tax Rate Impact	Updated Tax Rate	Change from FY22 Tax Rate
70% Ad Hoc	849,948	0.012284	0.609315	(0.005345)

- Can be absorbed in the budget with a property tax rate of \$0.609315/100 which is still lower than the FY22 tax rate.
- The pension would still be funded at 90.7% which would not harm the Town's bond rating according to our Financial Advisor.
- Provides a COLA for all current retirees, but not future retirees.
- There would be no need to look at other funding options.
- While it does raise the expenses in other funds, it does not require additional revenue generation in those funds for them to remain balanced (except for Hotel Fund which is not currently balanced).

TMRS 30% Repeating– FY2023 Impact

Fiscal Year 2023 Impact				
	Total Impact	Tax Rate Impact	Updated Tax Rate	Change from FY22 Tax Rate
30% Repeating	974,281	0.014081	0.611112	(0.003548)

- Can be absorbed in the budget with a property tax rate of \$0.611841/100 which is still lower than the FY22 tax rate.
- The pension would still be funded at 88.4% which should not harm the Town’s bond rating according to our Financial Advisor.
- Does not provide a COLA for everyone immediately due to those that retired the earliest receiving COLA’s through 2015. Approximately 85 current retirees would not receive an increase in the first year. All those that would not receive an increase retired prior to 2007. COLA’s for future retirees.
- Most financially stable repeating option and there would be no need to look at other funding options.
- While it does raise the expenses in other funds, it does not require additional revenue generation in those funds for them to remain balanced (except for Hotel Fund which is not currently balanced).

TMRS 50% Repeating – FY2023 Impact

Fiscal Year 2023 Impact				
	Total Impact	Tax Rate Impact	Updated Tax Rate	Change from FY22 Tax Rate
50% Repeating	1,738,622	0.025128	0.622159	0.007499

- Can be absorbed in the budget with a property tax rate of \$0.622159/100 which is higher than the FY22 tax rate by about 7/10 of one penny.
- The pension would be funded at 83.1% which may create downward pressure on the Town's bond rating according to our Financial Advisor. It would probably at least change the wording in our ratings reports regarding our pension.
- Provides a COLA for almost everyone immediately. Approximately 2 current retirees would not receive an increase in the first year. COLA's for future retirees.
- This option could be assisted by use of pension obligation bonds which would have to be serviced by the M&O rate unless we had a bond election (election would have to go through Attorney General Office) for approval.
- Raises the expenses in other funds, putting pressure on those funds to potentially need to raise revenue i.e. utility rates increases above what is currently planned.

TMRS 70% Repeating – FY2023 Impact

Fiscal Year 2023 Impact				
	Total Impact	Tax Rate Impact	Updated Tax Rate	Change from FY22 Tax Rate
70% Repeating	2,549,843	0.036853	0.633884	0.019224

- Can be absorbed in the budget with a property tax rate of \$0.633884/100 which is higher than the FY22 tax rate by almost two pennies.
- The pension would be funded at 78% which may create downward pressure on the Town’s bond rating according to our Financial Advisor. It would probably at least change the wording in our ratings reports regarding our pension.
- Provides a COLA for everyone immediately. COLA’s for future retirees.
- This option could be assisted by use of pension obligation bonds which would have to be serviced by the M&O rate unless we had a bond election (election would have to go through Attorney General Office) for approval.
- Raises the expenses in other funds, would require additional revenue generation from some funds i.e. utility rates increases above what is currently planned.

- Dollar amount impacts for FY 2023 include 9 months at the new pension contribution rates for each option since TMRS rates follow a calendar year schedule.
- Future budget years would incorporate the additional 3 months, which for the fiscal year after a plan change is made may include an increase in TMRS expenditures.
- Pension obligation bonds may be an option to refinance an amount up to the Town's unfunded liability.
 - The Town's current unfunded liability is very low and if a change is made in calendar year 2022 the unfunded liability will reflect that change with the rate letter received in June 2023.
 - At that point it may be feasible to determine if pension obligation bonds are an option and, if so, the proceeds of an issuance made during calendar year 2023 would need to be deposited in TMRS before January 1, 2024.
 - The reduction in the unfunded liability would be reflected in the rate letter received in June 2024 and affect contribution rates beginning on January 1, 2025.

Other Decision Point

	Proposed	Updated with Debt Sale	Difference
Debt Service Fund Budget	\$9,931,283	\$9,861,154	\$70,129
I&S Tax Rate	\$0.166031/\$100	\$0.164740/\$100	\$0.001291/\$100