



September 12, 2012

MEMO:

To: Town Board

From: Mike Griffin

Re: Budget Message

As we move into Fall and commence the Annual Budget process, we have many serious financial issues to overcome. This year's budget has been a particularly challenging one. Significantly increasing costs, low revenues and the New York State's 2% Tax Cap requirement are just a few of the more obvious difficulties.

For the pass five years the Town's biggest single source of revenue, Mortgage Tax has remained at mid 1990 levels (low \$200K). At the same time we have seen major increases in Health Insurance Coverage and even greater increases in contributions to the NY State Pension Plan. We have also had to deal with un-funded Mandates, such as MS-4, MTA payroll tax and increasing environmental and financial reporting regulations.

**General Fund Budget:**

This years budget is a tale of "good news", "bad news". The bad news is, the Town's contribution to the NYS Retirement System has hit the highest rate since I've been Town Supervisor. Next year we will be paying 21.6 cents on every dollar for most of our employees. Pension cost will increase to more than \$500,000 annually. NYSHIP is anticipated to increase 10% to 13% over last year, driving benefit costs to over \$740,000 annually. The State has also eliminated the \$20,000 in State Aid for the Annual Update of the Tax Rolls.

I don't expect Mortgage Tax revenue to increase significantly, I believe property values could see another decrease and I don't expect a major pick-up in housing construction, home improvement or commercial projects. If that scenario holds true, we can expect no help in revenue increases from the Department involved with these services.

The "good news" is we received the Courthouse Grants totaling \$1.25 million. The use of these grants allowed us to restructure our current debt service and reduce the amount of Fund Balance needed for this years budget by 55% or \$154,000 which will leave \$781,659 or 20% Fund

Balance going forward. Also, through the efforts of the employees, we have kept expenses down and I don't anticipate using all of the Fund Balance originally budgeted for 2012.

**Justice Court Budget:**

Justice Court's revenues remain strong and the Court has requested the addition of a full-time Clerk. Unfortunately, due to the rapidly increasing cost of benefits, this budget allows for 60 hours per payroll for an additional help but does not include money for benefits associated with full-time employment.

**Highway Budget:**

The mild winter has helped with an improvement to the Highway Fund Balance and to finance the purchase of two new trucks without having to borrow and incur the additional costs. However, the mild winter does not significantly alter the long term financial projections and the need for cost control going forward. This years Tentative Budget uses \$19,000 from Fund Balance which will leave \$104,048 or 3.8% Fund Balance going forward. This budget eliminates one Highway position and may necessitate a re-evaluation of how we use Highway and Sanitation workers. The CSEA contract negotiations are on-going at this time. This budget includes general financial assumptions relative to a settlement. However, adjustments may be required prior to final adoption of the 2013 budget.

**Conclusions:**

This Budget is below the State Mandated 2% Tax Cap Levy. The Tentative Budget represents a **1% increase** in the Tax Levy from 2012. It will require the use of \$154,000 of Fund Balance from the General Fund and \$19,000 of Fund Balance from the Highway Fund. To achieve these numbers reductions in a number of areas, including training, equipment and contractual lines were necessary.

Full-time General Fund employees will receive a cost of living increase of approximately \$1,000 per employee. This cost of living increase will be divide into 26 pay periods and represents a 3% increase for employees at the lower end of the pay scale and 1% for those at the top end. Permanent Part-Time Employees will receive between \$.50 to \$.60 per hour cost of living increase.