

October 29, 2010

Supervisor Weaver and Town Board Members:

I am presenting the 2011 Tentative Budget with a 2.84% rate increase (representing an increase of approximately \$4.18 per \$1,000 of assessed value and bringing the proposed Town tax rate to about \$152 per \$1,000 of assessed value).

New York State law governs the local government budgeting process. I am presenting a tentative budget, which by law must be filed with the Town Clerk by October 30. On November 10 the Town Board will officially receive the budget, which then becomes the Preliminary Budget. Then, by December 10 we are required to have a public hearing on the preliminary budget. And, by December 20 the Town Board is required to adopt a Final Budget.

Objectively the Town Board attempts to decrease the tentative budget figures. The figures in this tentative budget are presented as your working numbers at October 29. This tentative budget addresses the current economic climate; revenues are conservatively estimated and expenditures have been trimmed to essential purchases only.

Between now and the November 30 Public Budget Hearing, your continued help is necessary so that we can further reduce the proposed tax rate to the lowest possible increase.

The proposed 2011 rate of \$151.54348 per \$1,000 of assessed value compares to the 2010 rate of \$147.3552 per \$1,000 for a difference of \$4.18828.

Based on the average home assessment of \$23,950 and a projected 2.84% increase, a homeowner would see an annual increase of \$100 in his Town taxes.

The Byram Hills 2010-11 school tax rate is \$606.3197 per \$1,000 and the Westchester County 2010 tax rate is \$157.8552 per \$1,000 (we do not have the 2011 rate yet). Refer to the attached chart showing the tax rate increases for the Town of North Castle during the past five years. The average tax rate increase during the past 5 years has been 5.05%.

Please review the goals and accomplishments sections of the budget. I have asked each Department Head to include a description of department responsibilities, accomplishments during 2010 and goals for 2011. Note that the goals and accomplishments descriptions for Highway, Library and Water and Sewer appear with their individual sections, rather than grouped.

Several funds have experienced changes during 2010, and those changes require further explanation.

Our conservative budgeting in 2010 has been prudent. The General Fund has experienced major revenue changes as a result of the current economic conditions. Sales tax revenue has declined during the past several years - \$1.5 million in 2007, \$1.4 million in 2008, \$1.3 million in 2009. We are expecting \$1.4 million in 2010, and recognizing this, we conservatively estimated our sales tax for the 2011 budget to be \$1,325,000. Mortgage tax revenues have taken the sharpest decline of all of our revenues. In 2007, we collected \$1.598 million and in 2008 we budgeted \$1,550,000 but we had a shortfall of \$487,575.50, in 2009 we received \$522,775. We had budgeted conservatively in 2010 of \$510,000 and we anticipate receiving \$680,000. Therefore, the tentative 2011 budget estimates \$600,000 for mortgage tax revenues. Building Department and Recreation Department revenues are coming in much lower than anticipated. Therefore we have reduced our 2011 budget amounts to reflect these reductions.

The General Fund Expenditures have experienced major impacts. Staff reductions from prior years have not been reinstated. I have included the department of Public Works Administration in the 2011 budget. The Town is in the process of fully implementing this department and therefore I thought it was appropriate to create this budget department. We have reallocated all computer hardware into Data Processing to facilitate needs assessment and replacements based on priority and need. We have allocated \$200,000 in Transfer to Capital so that we can begin the process of looking at our Capital needs and begin a funding mechanism. The New York State Retirement System reported that their investment portfolio had taken a dramatic plunge in value and to recover their losses, **the New York State Comptroller assessed a 40% increase in the contribution rates for local jurisdictions.**

Health Insurance rates are projected to increase 14.5% as of this Tentative Budget.

The Highway Fund budget has experienced major changes. There is a reduction of two staff members from 2010 due to these individuals taking advantage of the New York State Early Retirement Incentive Program the Town adopted in August 2010. These positions had been targeted and will not be filled. The New York State Retirement System increases negatively impact the Highway Fund.

The Library Fund reflects an increase of 2.70% for 2011.

The Sewer and Water Department has continued to allocate salaries and benefits to reflect the actual time spent in each district. Water District 1 is working on painting of the water tanks in North White Plains. Water District 1 will mostly likely be going into a deficit by the end of the year. The excess water charges from NYC have increased beyond reason; we pay excess charges based on census data. We will be working on getting the updated census numbers which will hopefully alleviate some of the excess charges. I believe that the Sewer and Water Department will be recommending a water rate increase Water District 1. Sewer District 2 is in the process of completing the Nitrogen Removal phase of the upgrade. We have offset some of the burden by using a substantial amount of the appropriated fund balance in Sewer District 2.

The following sections will be included in the Adopted Budget:

- Salary Schedule - The schedule shows departments, titles and salaries with longevities for Town employees. There are no salary increases in the budget for the union contracts for CSEA 1, and CSEA Library. All Department heads and other non-union employees have received no increases for 2011. The salaries for the Town Board and Supervisor have not been increased. PBA contracts expired on December 31, 2008 and are under review. CSEA unit 2's contract expires on December 31, 2010.
- Capital Plan - This document is a planning tool that the Town Board and Departments Heads can use to select an appropriate time to begin various projects. We have continued our Highway large equipment purchasing plan and have included that in our Capital Budget.
- Vehicle Replacement - This schedule shows when various Town vehicles need to be replaced and includes an estimated purchase price. All vehicles purchased by the Town are from state contract or competitive bid.
- Town Debt - This schedule shows by fund what long term obligations are currently outstanding for the Town. The refinancing I did in September is reflected.

I appreciate any comments or suggestions to help improve the budget document.

The Budget hearing is scheduled for Tuesday, November 30, 2010 at 7:30 pm.

Respectfully submitted,

Dawn Donovan

Town of North Castle

Chart of Tax increases over the past 5 years

	<u>Budget</u> <u>Tax Rate</u>	<u>Actual</u> <u>Tax Rate</u>	<u>Percent</u> <u>Change</u>
2007	124.4036	124.4478	5.01%
2008	133.0921	133.1000	6.95%
2009	139.0830	139.2497	4.62%
2010	147.3743	147.3552	5.82%
2011	151.5435	151.5435	2.84%
Average			5.05%