

October 30, 2009

Supervisor Berman and Town Board Members:

I am presenting the 2010 Tentative Budget with a 6.46% rate increase (representing approximately \$148 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 30th. On November 10th the Town Board receives the budget, which then becomes the Preliminary budget. We are required to have a public hearing on the preliminary budget by December 10th. And, by December 20th the Town Board is required to adopt a final budget.

The objective of the Town Board is always to decrease the tentative budget figures. The figures in this tentative budget are presented as working numbers at October 30th.

This Tentative Budget addresses the current economic climate with revenues conservatively estimated and expenditures trimmed for essential purchases only.

Between now and the December 1st 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 2010 rate of \$148.24555 per \$1,000 of assessed value compares to the 2009 rate of \$139.2497 per \$1,000 for a difference of \$8.99585. Based on the average home assessment of \$23,900, a homeowner would see an annual increase of \$215 in their Town taxes. The Byram Hills 2009-10 school tax rate is \$599.1788 per \$1,000 and the Westchester County 2009 tax rate is \$151.655 per \$1,000 (we do not have the 2010 rate yet). Refer to the attached chart showing the tax rate increases for the Town of North Castle during the past five years. The five year average tax rate increase is 5.22%.

Please review the goals and accomplishments sections of the budget. Supervisor Berman asked each Department Head to include a description of department responsibilities, accomplishments during 2009 and goals for 2010.

Several funds have experienced changes during 2009 that require further explanation.

The General Fund reflects some major revenue changes as a result of the current economic conditions. Sales tax revenue has declined over the past two years. We have received \$1.5 million in 2007 and \$1.4 million in 2008. We are expecting \$1.2 million in 2009. We have conservatively estimated our sales tax and for the 2010 budget to be \$200,000 below our 2009 budgeted amount. 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. We have budgeted \$866,800 for 2009 and reduced it to \$766,800 during 2009, but now anticipate receiving \$518,000. Therefore, we are budgeting \$500,000. Interest income has also declined significantly. We have invested our funds in the highest possible yielding accounts with returns between 1.15% and 1.51%, and we investment income estimates for 2010 reflect these rates.

The General Fund Expenditures have experienced major impacts. We have reduced staffing in three of our departments. In the Police department we have one retirement, in the Building Department we also have one retirement and in the Tax Receiver's Office we have one less full time employee. 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 60% increase in the contribution rates for local jurisdictions. There are also increases in the Assessor's office to fund appraisals needed to defend the Town's assessment roll in the small claims proceedings.

Health Insurance rates are projected to increase 4.5% as of this Tentative Budget.

For the first time, the Town will pay the MTA payroll tax adopted by the New York State Legislature in the first quarter of 2009. The tax will cost the Town approximately \$40,000 in increased expenses.

The Highway Fund budget has experienced major changes. There was a reduction of three staff members during 2009 due to retirements and a resignation. These positions have not been filled. The leaf collection program has been changed and reduces the budget to reflect the changes to bagging leaves. The New York State Retirement System increases also negatively impact the Highway Fund.

The Library Fund reflects a decrease of 1.31% for 2010 which has been achieved by carefully reviewing and reducing expenses and by lower than anticipated salary increases for the collective bargaining unit.

The Sewer and Water Department has continued to allocate salaries and benefits to reflect the actual time spent in each district. Water District 2 is working on the new well. Sewer District 2 is in the process of completing the Nitrogen Removal phase of the upgrade. I have secured borrowing through New York State Environmental Facilities Corp and the full impact of the bond payment for both projects is reflected in the 2010 budget. We have offset some of the burden by using a substantial amount of the appropriated fund balance in Sewer District 2.

The following sections are included in the budget:

- Salary Schedule - The schedule shows departments, titles and salaries with longevities for Town employees. The salaries presented are based on settled union contracts for CSEA 1, CSEA 2, and CSEA Library. All Department heads and other non-

union employees have received no increase for 2010. The Town Board and Supervisor salaries have been reduced by 10% as previously discussed. PBA contracts expired on December 31, 2008 and have not been settled yet.

- 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 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.

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

The Budget hearing is scheduled for Tuesday, December 1, 2009 at 7:30 pm.

Respectfully submitted,

Dawn Donovan

## Town of Norh 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>
2005	114.4484	114.4128	5.94%
2006	118.5121	118.5121	3.58%
2007	124.4036	124.4478	5.01%
2008	133.0921	133.1000	6.95%
2009	139.0830	139.2497	4.62%
Average			5.22%