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VILLAGE OF TARRYTOWN



TENTATIVE BUDGET FISCAL YEAR 2018-2019

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VILLAGE OF TARRYTOWN

One Depot Plaza, Tarrytown, New York 10591-3605

www.tarrytowngov.com

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March 19, 2018

Honorable Mayor Fixell and the Board of Trustees
Village of Tarrytown
One Depot Plaza
Tarrytown, New York 10591

Re: Fiscal Year 2018-2019 Village of Tarrytown Tentative Budget

Honorable Mayor Fixell and Members of the Board of Trustees:

In my capacity as Budget Officer for the Village of Tarrytown, I respectfully submit the tentative budget for Fiscal Year 2018-2019 (FY 18-19). This proposed budget is the seventh tentative Village budget that is subject to the New York State tax levy cap. Working collaboratively with the Board of Trustees and the Department Heads, all of the budgets that have been adopted by the Board of Trustees since the implementation of the tax levy cap have been compliant with the cap. The proposed General Fund Budget for FY 18-19 is \$25,146,461, with a property tax levy of \$16,436,000.

Pursuant to the ongoing policy directive from the Board of Trustees, I am submitting a tentative budget that meets the requirements of the State tax levy cap. The tax levy cap is a percentage limit on the increase in the total tax levy, either the CPI, or 2%, whichever is lower. However, this year, due to addition to our rolls of new construction and housing in the Village of Tarrytown, the Village has a growth factor of 1.0311. Since this is a use-it-or-lose it allowance without overriding the tax cap, and the maximum carryover is 1.5% of the total levy at this time, this tentative Village Budget recommends using 1.6% of that growth factor. Therefore, the Tentative 2018-19 Village Budget remains compliant with the NYS 2% tax cap.

It is important to note the state law does not cap the actual tax rate that will be established by the Village. Since we have transferred our Assessing function to the Town of Greenburgh, the Town is keeping the property values current at present day values, reflective of the market. This tentative budget marks the second year that the Village will be utilizing the Town of Greenburgh assessment roll for the Village. The Town completed a reassessment for the entire Town in 2016 and the Board of Trustees, accepted the Town assessment roll as the assessment roll for the Village. The taxable assessment values

established by the Town, which is 100% of market value, is \$2,056,848,522. Last year the total taxable assessed values were \$2,017,057,516, so total taxable values have increased by \$39,791,006.

The tax rate per thousand this year is proposed at \$7.9909 per thousand dollars of value, compared to \$7.8634 last year, which means the tax rate for Fiscal Year 2018-19 is increasing by \$.13 per thousand dollars of assessed value, or a percentage of 1.622%.

The tax levy cap calculation for Fiscal Year 2018–2019 is included in Exhibit A, which is contained in this budget message. The information included in the calculation is taken directly from the Property Tax Cap Form completed by the Village on the New York State Office of the State Comptroller website. The base tax levy cap percentage number for all Villages with a June 1 Fiscal Year is 1.02%. In addition, the Village has a “Tax Base Growth Factor” of 1.0311 plus a carry forward from FY 16-17 of \$6,444, and from FY 18-19 of 13,742, which based upon the tax levy for FY 17-18 would allow the Village to increase the total tax levy in FY 18-19 by \$840,750 and remain within the tax levy cap.

For comparison purposes, the chart below lists the amount that the tax levy could be increased and the Village remains within the tax levy cap and the actual increase in the tax levy adopted by the Board of Trustees since the institution of the tax levy cap in 2012. As you may note, the tax levy was reduced in FY 15-16.

Fiscal Year	Tax Levy Allowable Increase	Actual Tax Levy Increase
FY 12-13	\$686,738	\$333,131
FY 13-14	\$1,081,435	\$322,860
FY 14-15	\$452,413	\$447,554
FY 15-16	\$464,800	(\$101,338)
FY 16-17	\$253,888	\$247,444
FY 17-18	\$454,989	\$424,474

The development of this tentative budget reflects the same framework as previous budgets – the maintenance of services to our residents that they have come to expect with the minimum tax increase to pay for those services.

There were a number of cost drivers that have impacted the development of the tentative budget. The cost drivers, both increases and decreases, are listed below. Please note that number provided in the category of tax rate increase only takes into account that particular increase or decrease and is provided strictly for purposes of evaluating the tentative budget document and the proposed tax rate increase.

Economy:

The outlook for the US GDP for 2018, based on the forecast of the Federal Reserve Bank (Dudley, January, 2018), is projected to expand by approximately two and three quarters (2.75) percent in 2018. The national unemployment rate as of February, 2018 is calculated by the US Bureau of Labor Statistics’ (BLS) to be 4.1%, while the New York City area unemployment rate seasonally adjusted is 4.3%, and not seasonally adjusted is 4.6%. These are comparable and positive, reflecting relatively stable unemployment rates.

Current statistics for February, 2018 based on the BLS most recently published CPI-U figure for the

New York area is one point seven percent (1.7%) over the past twelve months. However, other factors show weakness, in particular in underemployment, which is projected at 12.5% as of July 2017 (Source: Statista), which means that while unemployment is low, wages and employment matching skill levels can often reflect a significant number of people taking jobs for which they are overqualified. While we have seen a slight rise in the consumer price index, sales taxes have remained flat, with minimal increases.

Another telling point is the Federal Reserve's plan, noted earlier this year, not to propose any rate increases. In particular, The Federal Reserve said (in January) that it was still trying to stimulate faster economic growth as one of the longest expansions in American history neared the end of its ninth year (Source: New York Times, 1/31/2018).

In summary, the economy is stable, and on a very tight leash.

Expenditures

- The Health Insurance budget line increased by \$234,161.
- The Debt Service budget line increased by a net of \$165,561. This amount reflects an increase in principal payments of \$232,824 and decrease in interest payments by \$67,264.
- Judgments and Claims budget line increased by \$286,500, to reflect the Village's ongoing exposure to refund taxes based on ongoing tax certiorari cases from years past, when the assessed values were not based on the market and were not maintained as current.

Revenues

Overall, Revenues for the Village have been adjusted based on trends and actual experience in what we have received in terms of various revenues. Some of the 5 most important revenue streams we utilize, besides property taxes, are – Sales Taxes, Mortgage Taxes, Building Permit Fees, Hotel/Motel Occupancy Taxes, and Parking Revenues from both on-street meters and parking lots. These adjusted in the Tentative Budget as follows:

- Sales Taxes increased by \$50,000, or 3%.
- Mortgage Taxes did not increase, based on the uncertainty of the housing market due to the Federal tax bill changes.
- Building Permit Fees increased by \$125,000, or 27.8%.
- Hotel/Motel Occupancy Tax increased by \$175,000, or 46.7%, based on trends.
- Parking Revenues increased by \$244,425, or 15.7%, based on trends.

In addition, this tentative budget includes an appropriation of fund balance from the Water Fund, based upon information provided by the Village Treasurer and decisions of the Board when deciding upon the last water rate increase. According to the Village Treasurer, there is currently approximately \$550,000 in the bank for the Water Fund. Based upon historical revenues and expenditures for the months of April and May, this amount considered "in the bank", would be the fund balance in the Water Fund, and will increase to approximately \$300,000 at the end of the current fiscal year.

The tentative budget submitted for your consideration is fully compliant with the state tax levy cap. The tax levy increase, as proposed in this tentative budget, is \$602,990.00, \$237,760 less than the allowable amount the Board could increase the tax levy and remain within the tax levy cap.

Below, please find a summary of the tentative budget proposals for the General Fund, the Water Fund and the Library Fund.

GENERAL FUND - The tentative budget for Fiscal Year 2018-2019 includes General Fund appropriations of \$25,146,461 and non-property tax revenues and fund balance of \$8,710,461. The appropriations/expenditures in the tentative budget increased by \$1,277,764, a 5.35% increase. Revenues and Surplus increased by \$674,775 in the tentative budget, an increase of 8.4%. The tentative budget provides for an increase in the amount of appropriations to be raised by the real estate tax levy of \$602,990, an increase of 3.8% from FY 17-18.

These numbers generate a proposed tax rate of \$7.9909 per \$1,000 of assessed valuation. The tax rates established by the School Districts, County and Town, utilizing the Town’s assessment roll extend out four decimal points to provide a tax rate as accurate as possible. Based thereon, I have established a tax rate for Tarrytown that extends to four decimal points. As noted previously, the tax assessment roll increased for FY 18-19. The percentage increase in the tax assessment roll, with the adoption of the Greenburgh assessment roll is 1.97%. Exhibit B provides a breakdown of the expenditures (in general categories) in the tentative budget for the General Fund.

WATER FUND - The tentative budget for the Water Fund provides for appropriations and revenues of \$6,163,623, an increase of \$330,849.00 from the budget for the FY 17-18. This represents a 5.7% increase in appropriations in the Water Fund. As noted above, the tentative budget includes a fund balance appropriation from the Water Fund to the General Fund and an anticipated action by the Board associated with funds due to the General Fund from the Water Fund.

LIBRARY FUND - The tentative budget for the Library Fund increased by \$35,968.00 (2.1%), from the FY 17-18 adopted budget. Increases in the tentative budget were in salaries and related personnel costs, building maintenance and Debt Service.

Property taxes are the primary source of funding for the operation of municipal governments (Village, Town and County) and school districts in New York State. Although property taxes are commonly categorized together when residents refer to property taxes, it is important to distinguish the variety of taxing entities that receive property taxes for operational purposes and the level of property taxes received by those entities. Village taxpayers can then truly assess the taxes paid and the services received by the taxpayer from each of those taxing entities. The following charts provide information as to the tax dollars paid by a property owner assessed at the average assessed value in the Village and the proportionate share of the total tax obligation attributable to the various taxing entities that impact a Village property owner.

COMPARISON – WHERE YOUR TAX DOLLARS GO
Comparison of Taxes Paid Based Upon Percentage of Tax Bill

Taxing District	Union Free School District of the Tarrytowns	Irvington Public School District
Town/County/Sewer/Solid Waste	14.98%	16.01%
School District	58.98%	56.71%
Village	26.04%	27.29%

Please note that the tables above reflect tax bills and consolidated rates for Town/County/County Sewer and County Solid Waste taxes. All taxes reflect tax bills issued for the differing 2017 taxing years, retrieved from information published by the Town of Greenburgh.

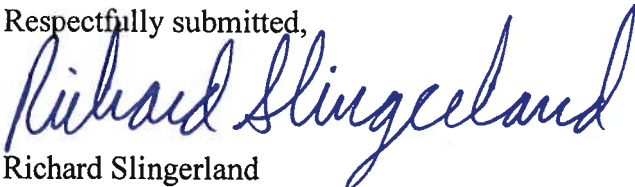
The Village Administrator, as Budget Officer, is responsible for the development of the tentative budget, which by New York State law must be submitted to the Village Clerk by March 20. The tentative budget is a collaborative document developed with the input and assistance from all Department Heads and in direct partnership with the Village Treasurer.

The tentative budget can be modified based upon decisions made by the Board of Trustees as the policy makers of the Village. The budget process provides an opportunity to solicit input from Village residents and other interested parties. The important dates associated with the adoption of a final budget are as follows:

- Public Hearing – must occur on or before April 15 and may be continued but not beyond April 20 (the Budget Hearing this year is scheduled for March 19, 2018).
- Budget adoption – on or before May 1.

The Village Treasurer and I are available during this tentative budget review to analyze any proposal that you believe should be considered during this process of creating the new Village budget for Fiscal Year 2018-2019. I would like to take this opportunity to thank the Department Heads and the Village Treasurer for their invaluable assistance in the development of this tentative budget document.

Respectfully submitted,



Richard Slingerland
Village Administrator - Budget Officer

EXHIBIT A

TAX LEVY CAP CALCULATION – FISCAL YEAR 2018-2019

Tax Levy Limit Before Adjustments and Exclusions

Tax Levy FYE 5/31/2018	\$15,833,010
Tax Cap Reserve Plus Interest from FYE 2017 Used to Reduce 2018	\$6,444
Total Tax Cap Reserve Amount (including interest earned) from FYE 2018	\$0
Tax Base Growth Factor	1.0311
PILOTS (Payments in lieu of taxes) receivable in FYE 5/31/2016	\$16,897
Tort Exclusion Amount Claimed in FYE 5/31/2016	\$0
Allowable tax levy growth factor	1.0200%*
PILOTS receivable in FYE 5/31/2017	\$15,919
Available Carryover from FYE 5/31/2016	\$13,742
Total Levy Limit Before Adjustments/Exclusions	\$16,673,760

Adjustments for Transfer of Local Government Functions

Costs Incurred from Transfer of Local Government Functions	\$0
Savings Realized from Transfer of Local Government Functions	\$0
Total Adjustments	\$0
Tax Levy Limit, Adjusted for Transfer of Local Government Functions	\$16,673,760

Exclusions

Tax Levy Necessary for Expenditures Resulting from Tort Orders/Judgments Over 5%	\$0**
Employees Retirement System	\$0***
Police and Firefighters Retirement System	\$0
Total Exclusions	\$0
Total Levy Limit, Adjusted for Transfers, Plus Exclusions	\$16,673,760
FYE 2019 Proposed Tax Levy, Net of Reserve	\$16,436,000

Difference between Tax Levy Limit and Proposed Levy (carryover to future years) \$237,760

*The allowable tax levy growth factor can never exceed 2%; however, the growth factor can be more or less than 2% based upon the level of inflation. The tax levy cap percentage for the tentative budget, including the base tax levy increase and the growth factor is 3.81%.

**Tort orders/judgments over 5% of the tax levy may be excluded from the tax levy cap calculation.

***Increases in the percentage of salary charged by the NYS Retirement System that exceeds 2% may be excluded from the tax levy cap calculation.