

VILLAGE OF TARRYTOWN



**TENTATIVE BUDGET
FISCAL YEAR 2019-2020**



VILLAGE OF TARRYTOWN

One Depot Plaza, Tarrytown, New York 10591-3605

www.tarrytowngov.com

Mayor
DREW FIXELL
Deputy Mayor
THOMAS BUTLER

Trustees
KAREN G. BROWN
ROBERT HOYT
REBECCA McGOVERN
PAUL RINALDI
DOUGLAS ZOLLO

VILLAGE ADMINISTRATOR
914-631-1785
VILLAGE TREASURER
914-631-7873
VILLAGE CLERK
914-631-1652
VILLAGE ENGINEER/BUILDING INSPECTOR
914-631-3668
DEPT. OF PUBLIC WORKS
914-631-0356

FAX NO. 914-909-1208

March 18, 2019

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

Re: Fiscal Year 2019-2012 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 2019-2020 (FY 19-20). This proposed budget is the eighth 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 19-20 is \$26,272,389, with a property tax levy of \$17,263,266.

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. Since the economy is presently stable, the levy limit is at 2%, and because Tarrytown is experiencing continued growth, we also have a growth factor of 1.0201. Since we don't want to lose any of our carryover from prior years, and we have fiscal needs in terms of capital expenses and judgments and claims, we are proposing to use a portion of the prior year's carry-over, leaving a remaining carry-over to be used in future years in the amount of \$76,223. Therefore, the Tentative 2019-20 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 third 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 \$2,140,753,799 (that's right – over \$2 billion). Last year the total taxable assessed values were \$2,056, 848,522, so total taxable values have increased by \$83,905,277, by a percentage of 4.0793%.

The tax rate per thousand this year is proposed at \$8.0641 per thousand dollars of value, compared to \$7.9909 last year, which means the tax rate for Fiscal Year 2019-20 is increasing by \$.0719 per thousand dollars of assessed value, or a percentage of .8996%, so the tax rate is increasing by less than one percentage point.

The tax levy cap calculation for Fiscal Year 2019–2020 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. Again, since the tax levy cap this year is 1.02%, and Tarrytown has a “Tax Base Growth Factor” of 1.0201, plus a carry forward from FY 18-19 of \$235,094, the Village could increase our total tax levy by \$900,823, but we are increasing it by \$824,600, and are carrying \$76,223 over to next year.

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
FY 18-19	\$925,750	\$690,656
	Allowed	Tentative/proposed
FY 19-20	\$900,823	\$824,600

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.

Economy:

As seen in the accompanying table, the Survey of Professional Forecasters predicts that real GDP growth will slow from 3.1 percent in 2018 to 2.4 percent in 2019. The unemployment rate is forecast to average 3.6 percent in the fourth quarter of 2019, down slightly from four quarters earlier. Inflation is expected to be 2.1 percent in 2018 and 2019 (Kliesen, St. Louis Fed). The national unemployment rate as of February, 2019 is calculated by the US Bureau of Labor Statistics' (BLS) to be 3.8%, while the New York City area unemployment rate seasonally adjusted is 4.1%. These are comparable and positive, reflecting relatively stable unemployment rates, and are at historically low levels.

Current statistics for February, 2019 based on the BLS most recently published CPI-U figure for the New York area is one point six percent (1.6%) over the past twelve months. In the meantime, the 35-day Federal shutdown that started on December 21, 2018, and ended on January 25, 2019, impacted the U.S. GDP and had an impact on the national economy. Additionally, we are still awaiting the real impacts of the Federal tax law changes, to limit the SALT deductions, and how it will impact our local and regional economy. Another impending impact for the regional economy is Con Edison's self-enacted moratorium on new gas connections, due to their difficulties managing their peak natural gas demand. This will have a major impact on housing, at the same time that there are numerous reports on how Westchester's housing market is slowing, which will result in lower mortgage taxes as the real estate market slows. Sales tax revenues remain on a path for a very flat, very slight increase.

Year to Year changes in the Budget:

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 the 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.

Expenditures

- The Health Insurance budget line increased by \$167,103, or roughly a 5.7% increase.
- The Debt Service budget line for Capital Debt increased by a net of \$547,857. This amount reflects an increase in principal payments of \$375,108 and increase in interest payments of \$172,749.
- The Judgments and Claims budget line increased by \$30,000, 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. Two fiscal years ago, in 2017-2018, the Village's expenditures on judgments and claims was \$1,382,749.

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 are projected in the Tentative Budget as follows:

Big Non-Tax Revenues	2015-16 actual	2016-17 actual	2017-18 actual	2018-19 estimated	2019-20 projected	5yr avg to 17-18
Sales Tax (1120)	1622130	1659358	1765989	1836000	1800000	1736695.4
Mortgage Tax (3005)	404592	246821	325234	238950	250000	293119.4
Building Permits (2590)	1864472	746705	709497	1260823	600000	1036299.4
Hotel Tax (3006)	0	149208	511709	587822	575000	NA
Parking (Lots) 1720	901820	737678	813964	852000	825000	826092.4
Parking (Street) 1740	697331	824379	928874	950000	980000	876116.8
Parking net	1599151	1562057	1742838	1802000	1805000	1702209.2

In addition, this tentative budget includes an appropriation from the Water Fund, based on information provided by the Village Treasurer and decisions of the Board when deciding upon the last water rate increase. Further, during May through July of 2018, two major, long-term water leaks were discovered and repaired, which has eliminated approximately 35% of the Village's annual water consumption that was un-metered. To that end, the Village has significantly reduced our payments for water consumption to the New York City Dept. of Environmental Protection (NYC DEP) where we buy water from, and the Water Fund has the funds to continue the fund transfer of \$500,000 this year (not water fund surplus).

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 \$824,600, which is \$76,223 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 2019-2020 includes General Fund appropriations of \$26,272,389 and non-property tax revenues and fund balance of \$9,009,123. The appropriations/expenditures in the tentative budget increased by \$1,123,262, a 4.47% increase in spending. Revenues and Surplus increased by \$298,662 in the tentative budget, an increase of 3.43%. The tentative budget provides for an increase in the amount of appropriations to be raised by the real estate tax levy of \$824,600, an increase of 5.02% from FY 18-19, which is within the 2% cap because of our tax base growth factor.

These numbers generate a proposed tax rate of \$8.0641 per \$1,000 of assessed valuation, which is an increase of \$.0719 over last year's rate, or .8996% (an increase of less than 1%). 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. As noted previously, the tax assessment roll increased to \$2,140,753,799 for FY 19-20, from \$2,056,848,522. The percentage increase in the tax assessment roll, with the adoption of the Greenburgh assessment roll is 4.08%; the average market increase in a home's value is 2.75%. 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 \$5,622,344, a decrease of \$541,279.00 from the budget for FY 18-19. This represents a 8.8% decrease in appropriations in the Water Fund. This is the result of the Village's ongoing efforts, through Public Works, the Village Engineer, the Village Treasurer and the Village Administrator's Office to seek out and repair leaks in the water system.

LIBRARY FUND - The tentative budget for the Library Fund increased by \$30,574.00 (1.74%), from the FY 18-19 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 better identify 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 2018 taxing years, retrieved from information published by the Town of Greenburgh.

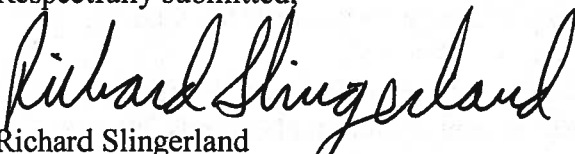
The Village Administrator, as Budget Officer, is responsible for the development of the tentative budget, which by New York State law must be submitted to the Village Clerk by March 20. The tentative budget is a collaborative document developed with the input and assistance from all Department Heads 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 Monday March 18, 2019).
- Budget adoption – on or before May 1 (Adoption is tentatively scheduled for April 15, 2019).

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 2019-2020. 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, as well as the collaborative process we have in place working with you, the Mayor and Board of Trustees, as the policy making body for the Village of Tarrytown.

Respectfully submitted,



Richard Slingerland
Village Administrator - Budget Officer

EXHIBIT A

TAX LEVY CAP CALCULATION – FISCAL YEAR 2019-2020

Tax Levy Limit Before Adjustments and Exclusions

Tax Levy FYE 5/31/2018	\$16,438,666
Tax Cap Reserve Plus Interest from FYE 2018 Used to Reduce 2019	\$0
Total Tax Cap Reserve Amount (including interest earned) from FYE 2018	\$0
Tax Base Growth Factor	1.0201
PILOTS (Payments in lieu of taxes) receivable in FYE 5/31/2019	\$15,919
Tort Exclusion Amount Claimed in FYE 5/31/2016	\$0
Allowable tax levy growth factor	1.0200%*
PILOTS receivable in FYE 5/31/2020	\$16,307
Available Carryover from FYE 5/31/2019	\$235,094
Total Levy Limit Before Adjustments/Exclusions	\$17,339,489

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	\$17,339,489

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	\$17,339,489
--	---------------------

FYE 2019 Proposed Tax Levy, Net of Reserve	\$17,263,266
---	---------------------

Difference between Tax Levy Limit and Proposed Levy (carryover to future years)	\$76,223
--	-----------------

*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, rollover and the growth factor is 5.4799%.

**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.