

Town of Orchard Park, NY

2016 Budget Process



WELCOME

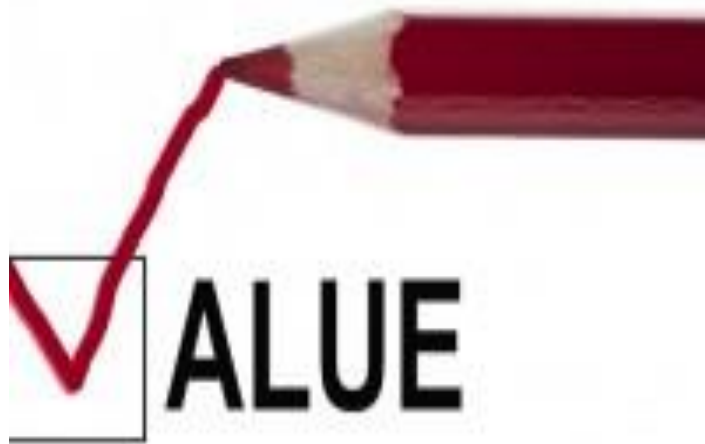
INTRODUCTIONS

FORMAT

Town of Orchard Park, NY 2016 Budget Process

- I. Your tax dollars
- II. NY tax cap at the local level
- III. Our fateful course
- IV. The future of Our community

Town of Orchard Park, NY 2016 Budget Process

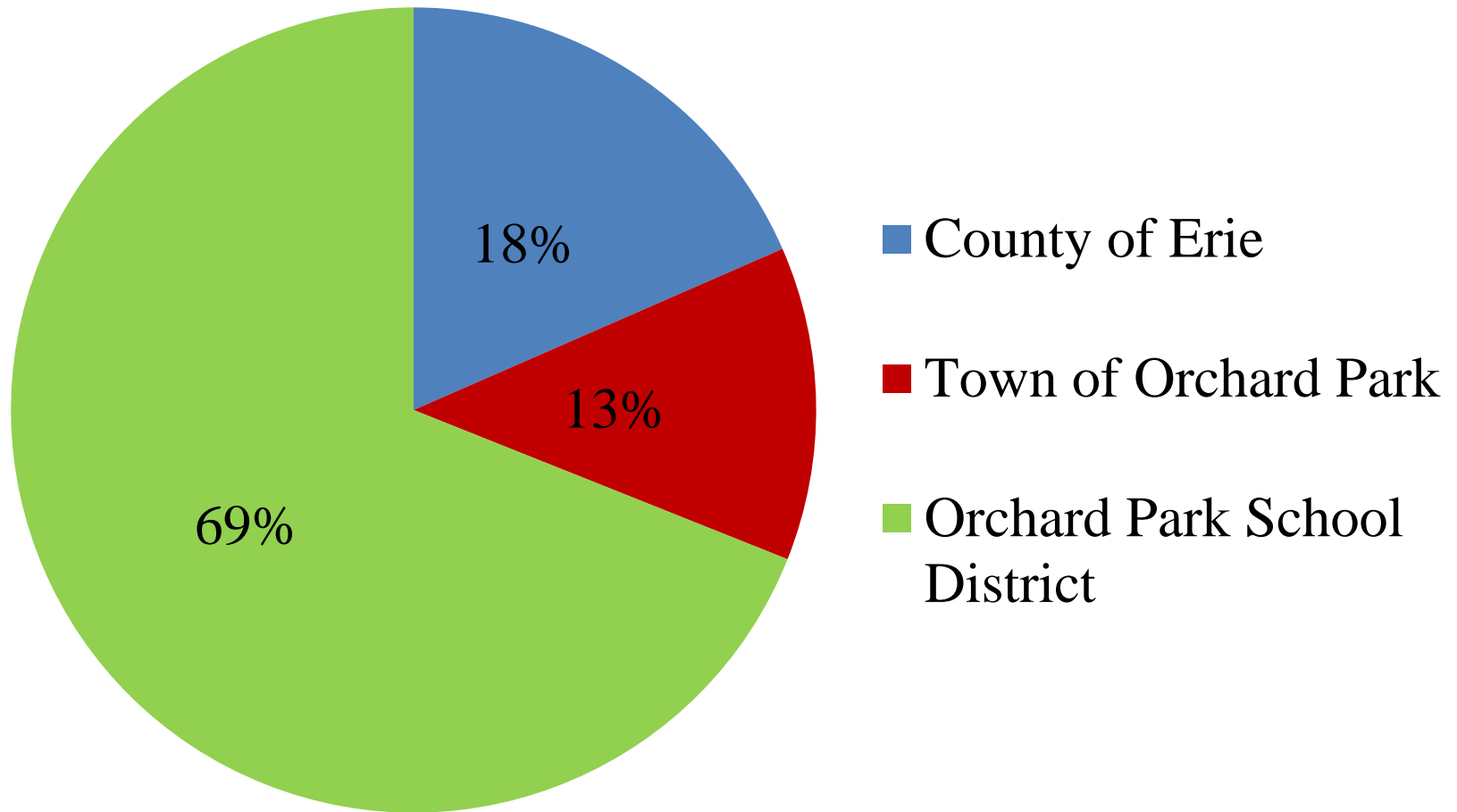


*1. Your tax
dollars*

Town of Orchard Park, NY

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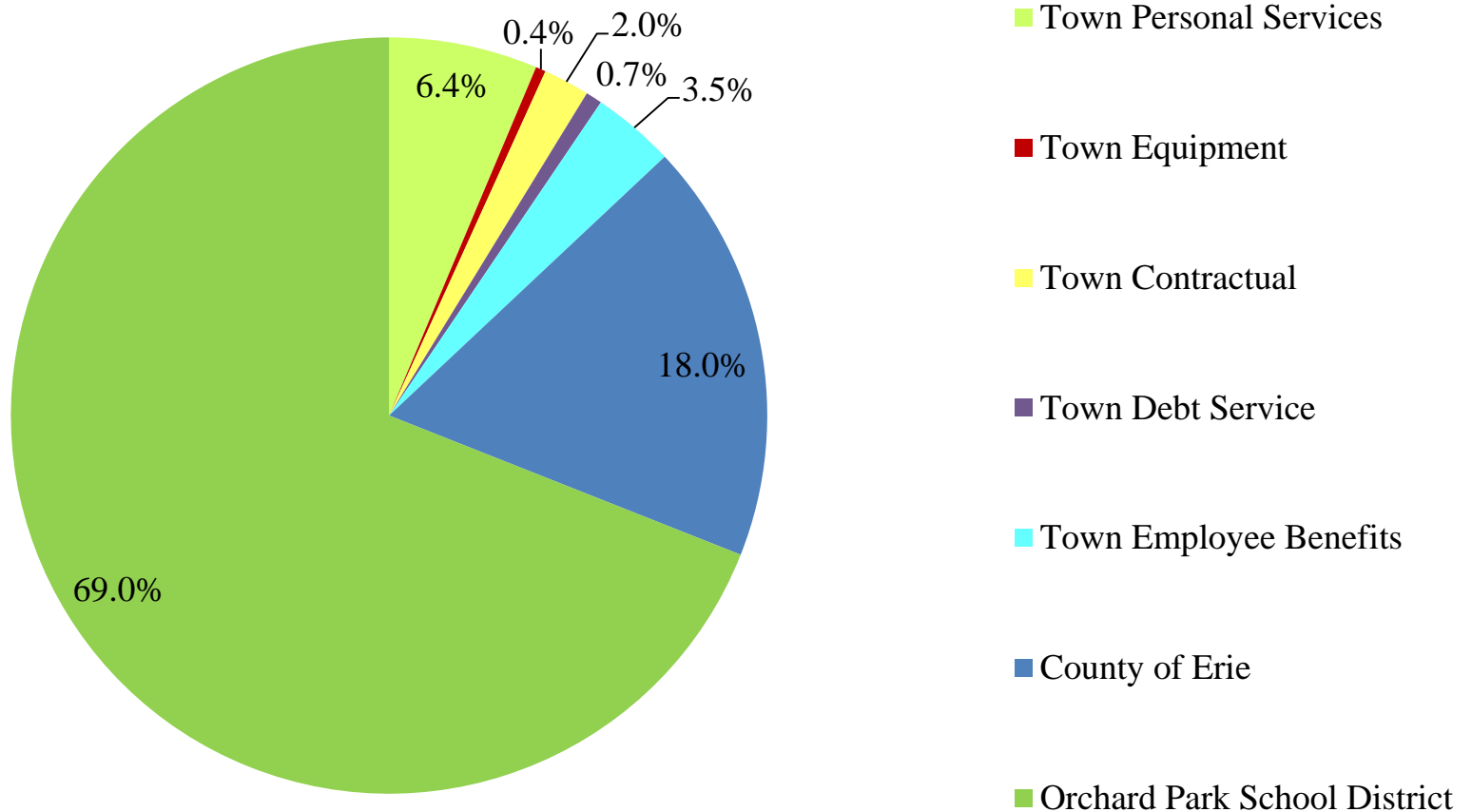
Where Your Tax Dollars Go?



Town of Orchard Park, NY

2016 Budget Process

What percentage of your Total Tax bill is used for Town items?



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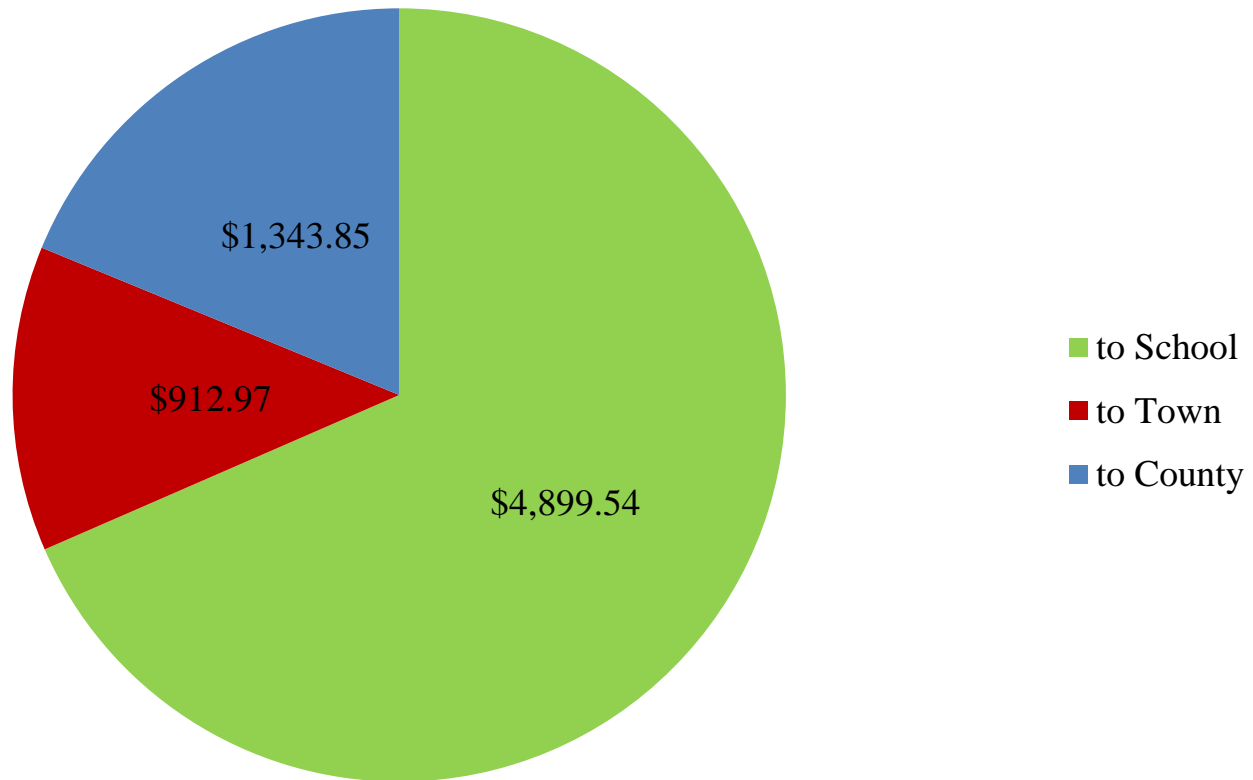
Assume a home with:

\$150,000.00 Assessed Valuation

\$263,000.00 Market Value

\$7,156.36 Tax Bill

Where do the taxes of \$7,156.36 go?

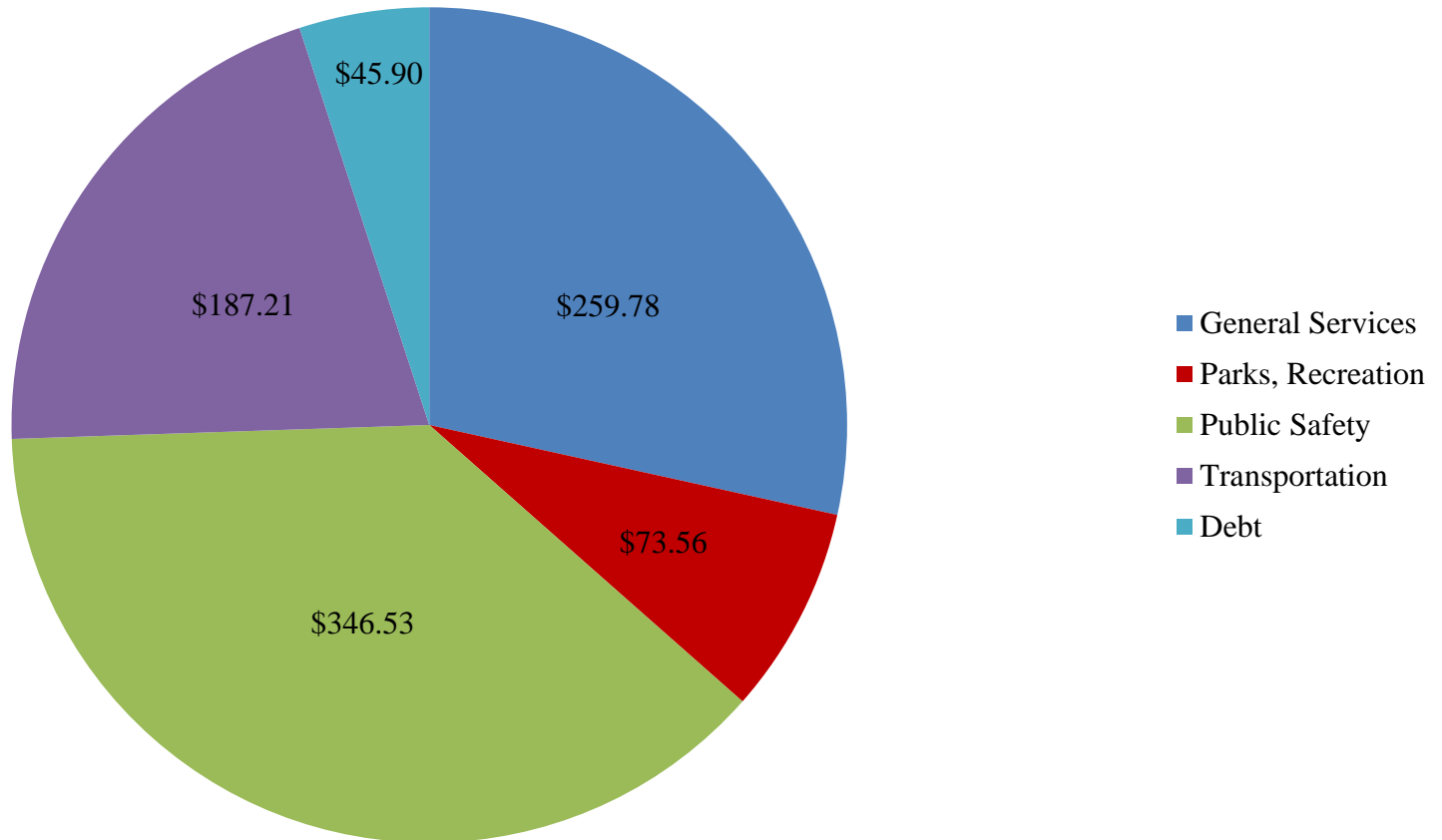


Town of Orchard Park, NY

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What the Town uses \$912.97 for?

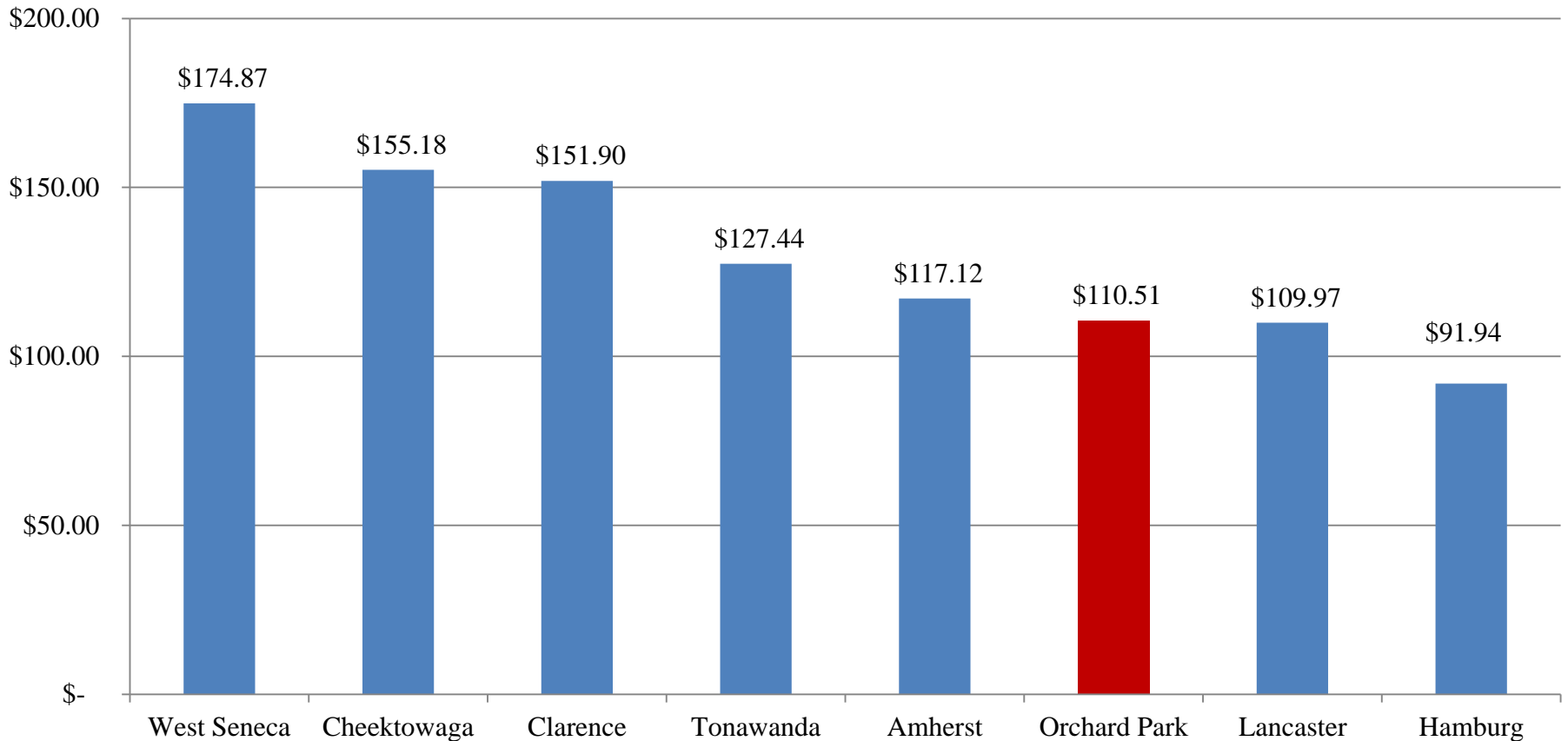
Assume a home with:
\$150,000.00 Assessed Valuation
\$263,000.00 Market Value
\$912.97 Tax Bill



Town of Orchard Park, NY

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2014 Transportation Activity Cost (excluding benefits) Per Capita



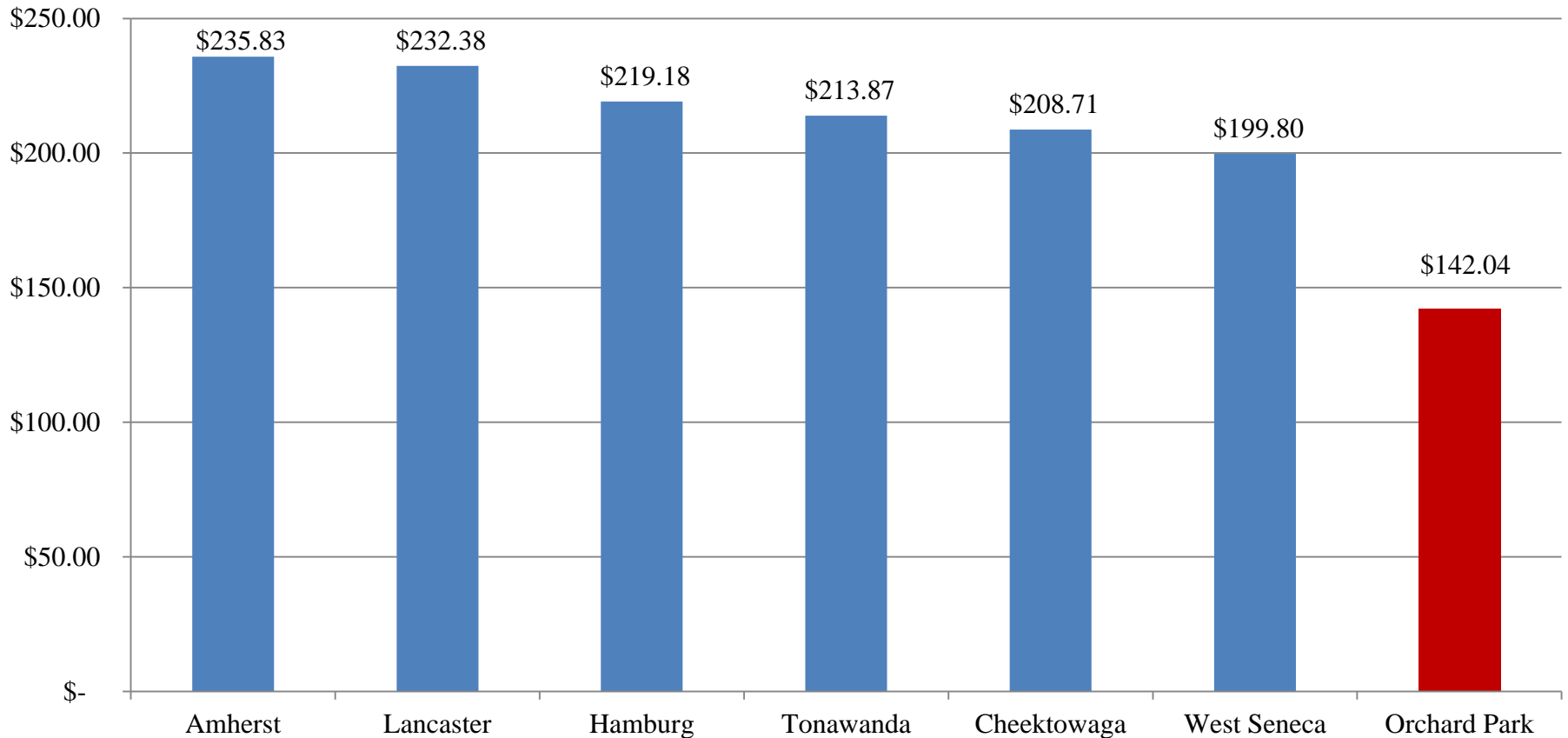
Note: Towns selected based on a 2010 census population greater than 25,000

Source for costs: New York State Audit and Compliance website.

Town of Orchard Park, NY

2016 Budget Process

2014 Public Safety Cost (excluding benefits) Per Capita



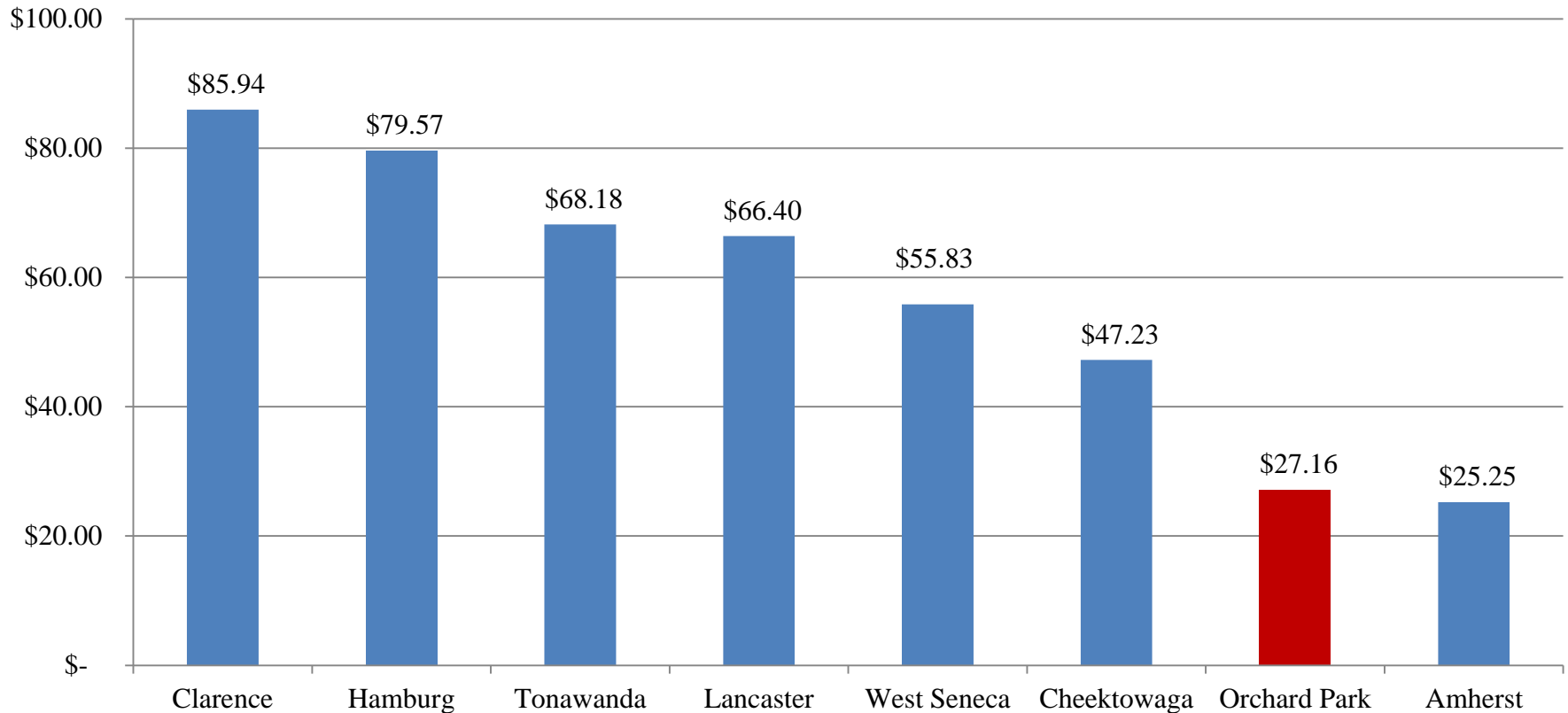
Note: Towns selected based on a 2010 census population greater than 25,000 with Police Forces

Source for costs: New York State Audit and Compliance website.

Town of Orchard Park, NY

2016 Budget Process

2014 Culture and Rec Activity Net Cost Per Capita*



*After league fees, golf fees, etc.

Note: Towns selected based on a 2010 census population greater than 25,000.

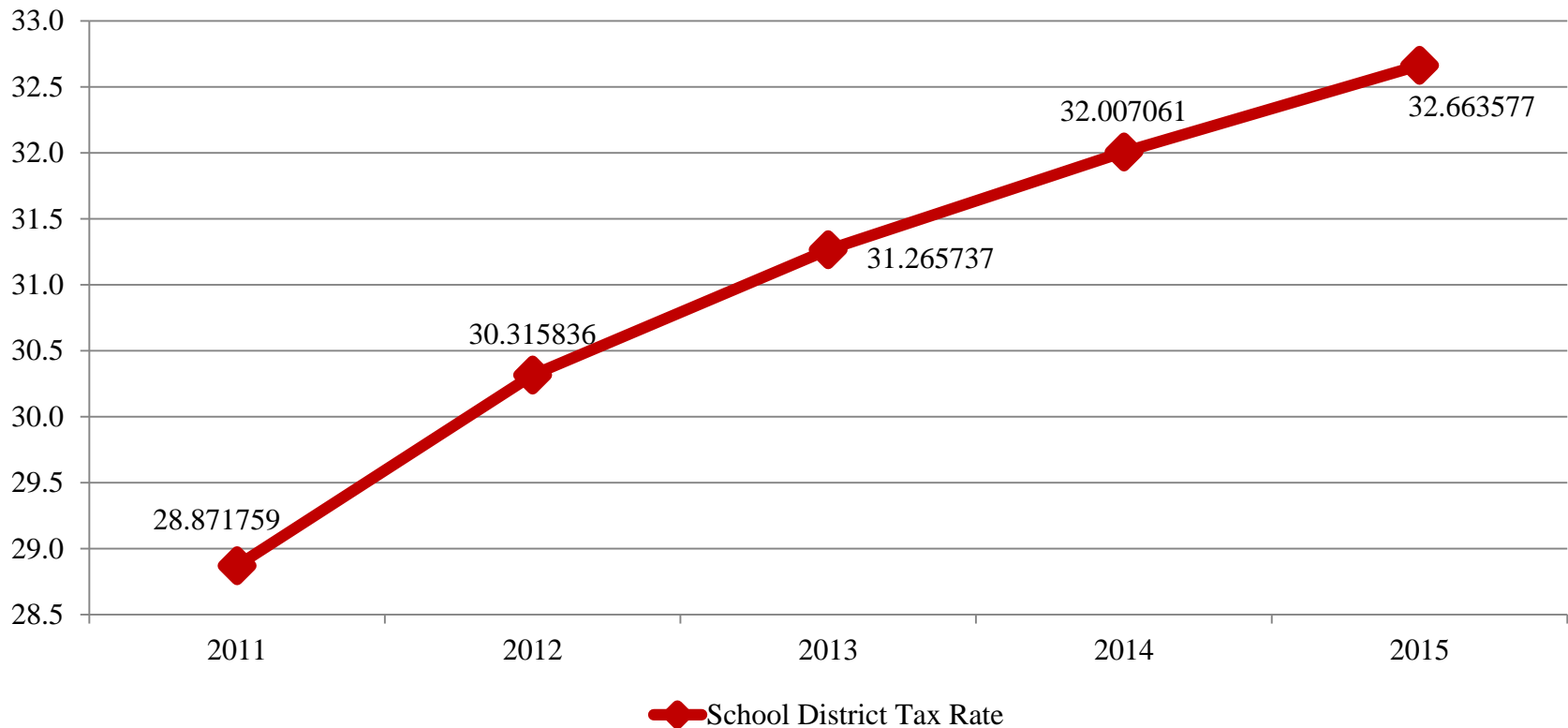
Source for costs: New York State Audit and Compliance website.

Town of Orchard Park, NY

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School District Tax Rate Trend – 5 Year Comparison

School District Tax Rate



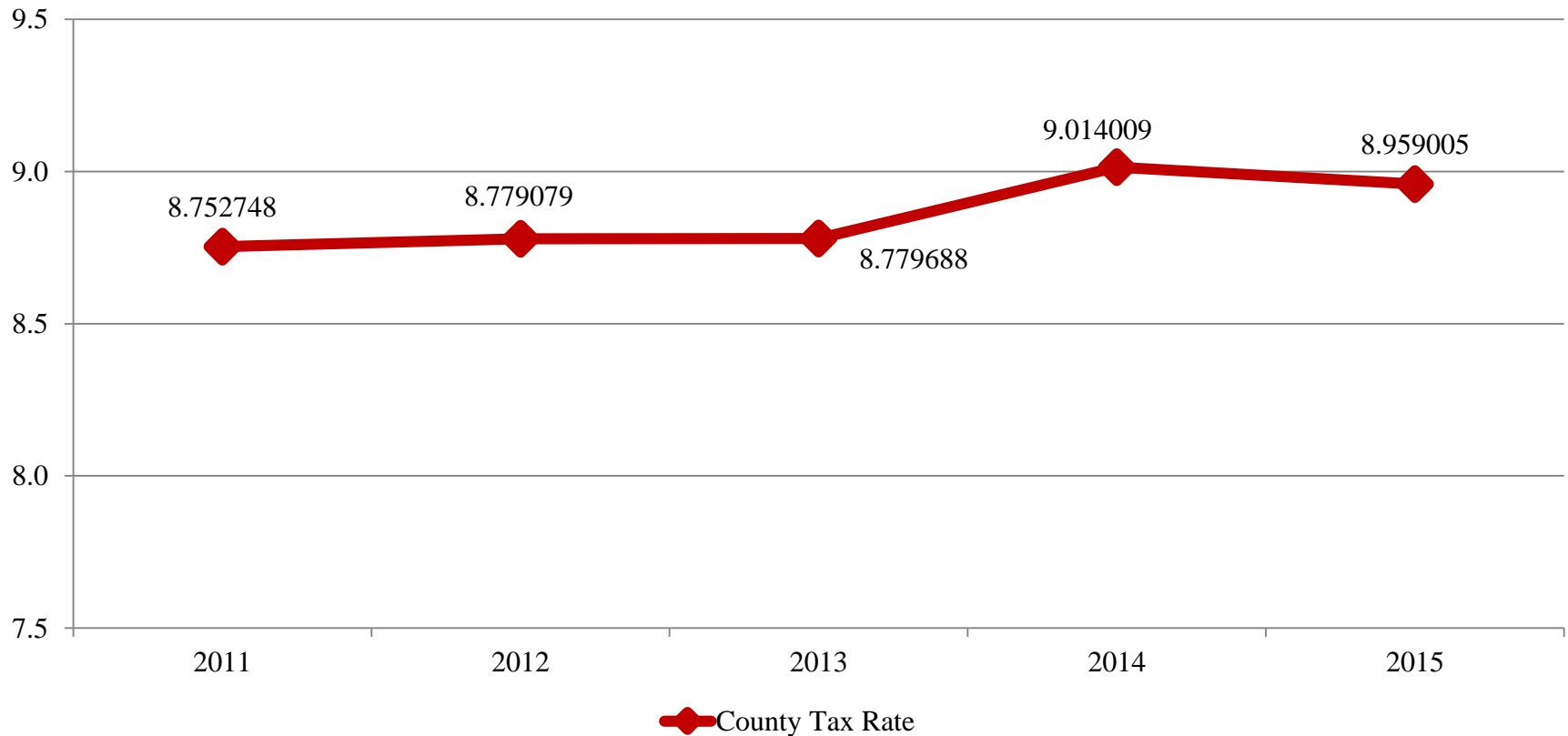
Source: 2011-2015 Annual Reports of the Department of Real Property Tax Services, Erie County, NY

Town of Orchard Park, NY

2016 Budget Process

County Tax Rate Trend – 5 Year Comparison

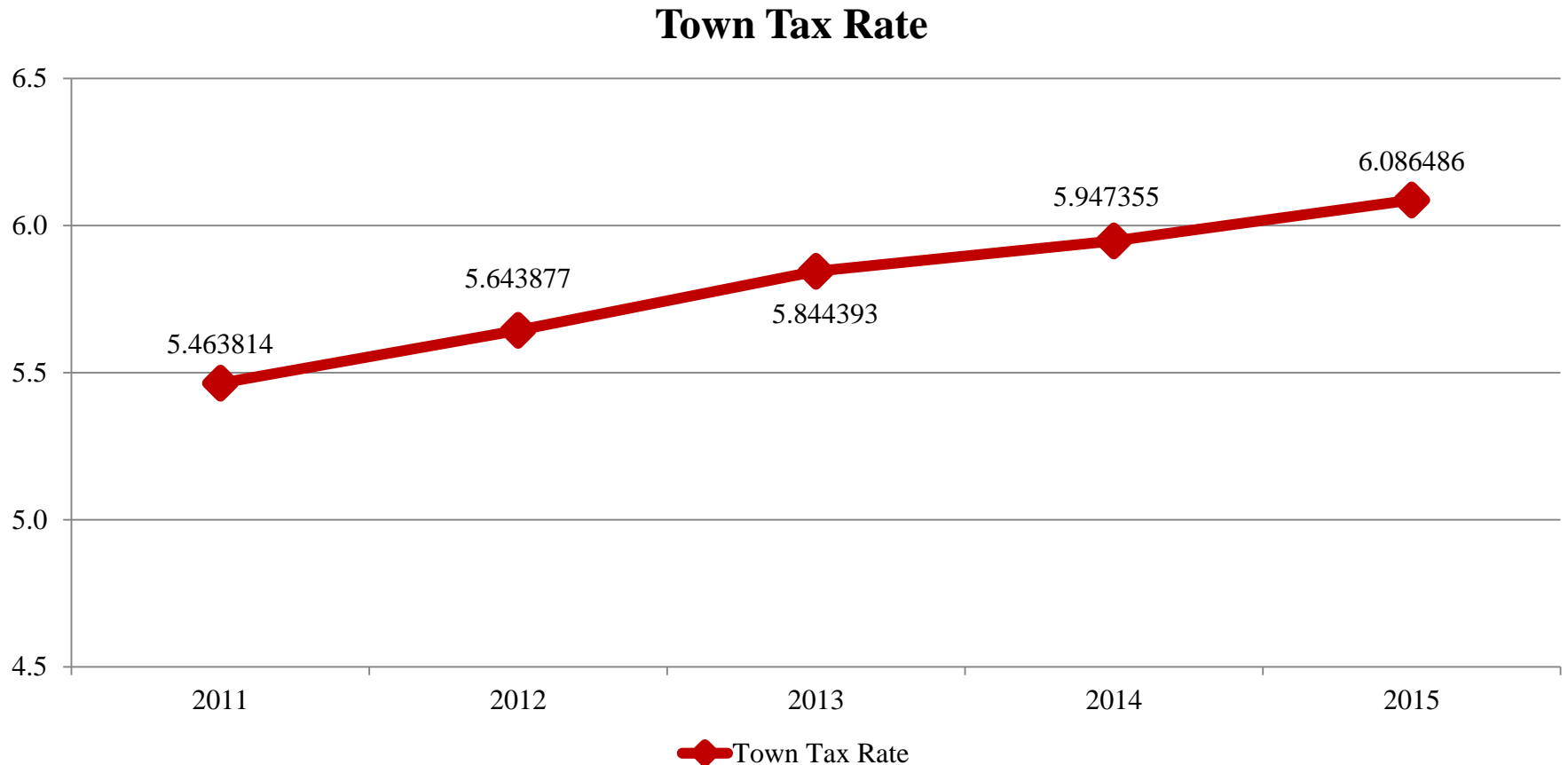
County Tax Rate



Town of Orchard Park, NY

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Town Tax Rate Trend – 5 Year Comparison

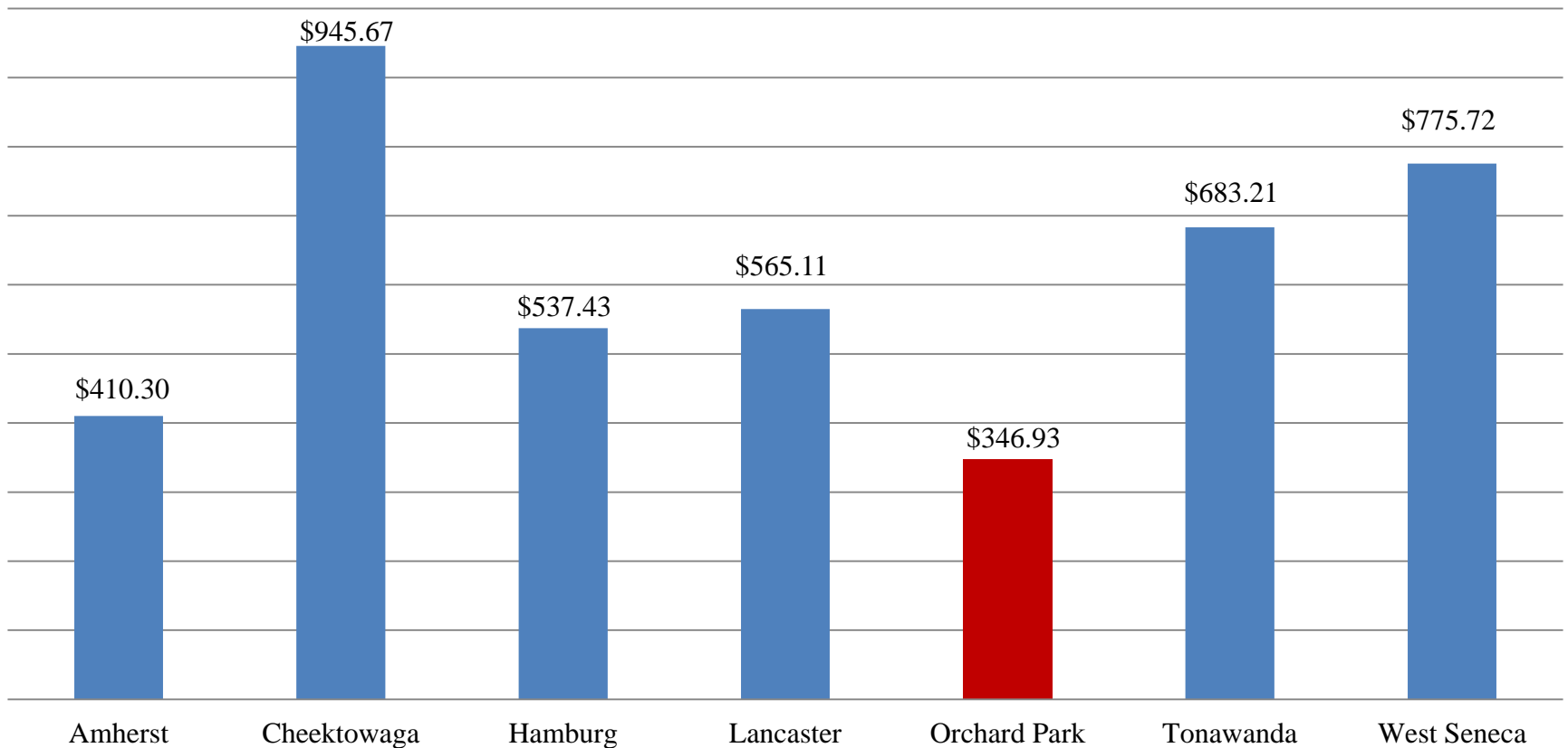


Town of Orchard Park, NY

2016 Budget Process

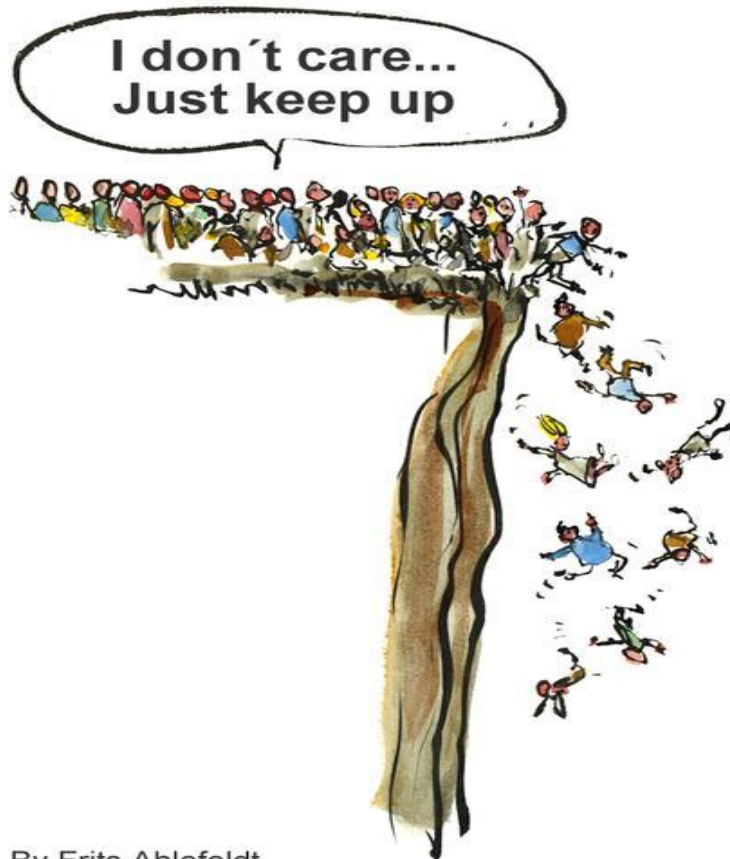
County of Erie Towns
Population > 25,000 with Police Forces
2015 Equalized Tax Rate
\$100,000 Assessed Value

2015 Tax per \$100,000 of FMV



Source: 2015 Annual Report of the Department of Real Property Tax Services, Erie County, N.Y.

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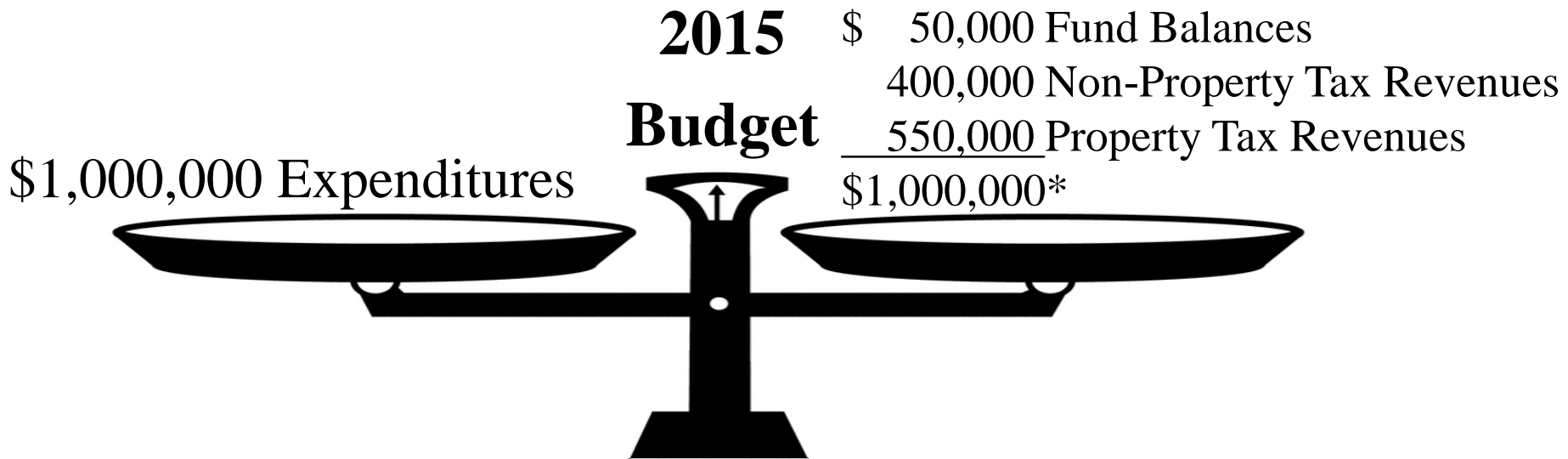


*11. NY tax
cap at the
local level*

By Frits Ahlefeldt

SUSTAINABILITY

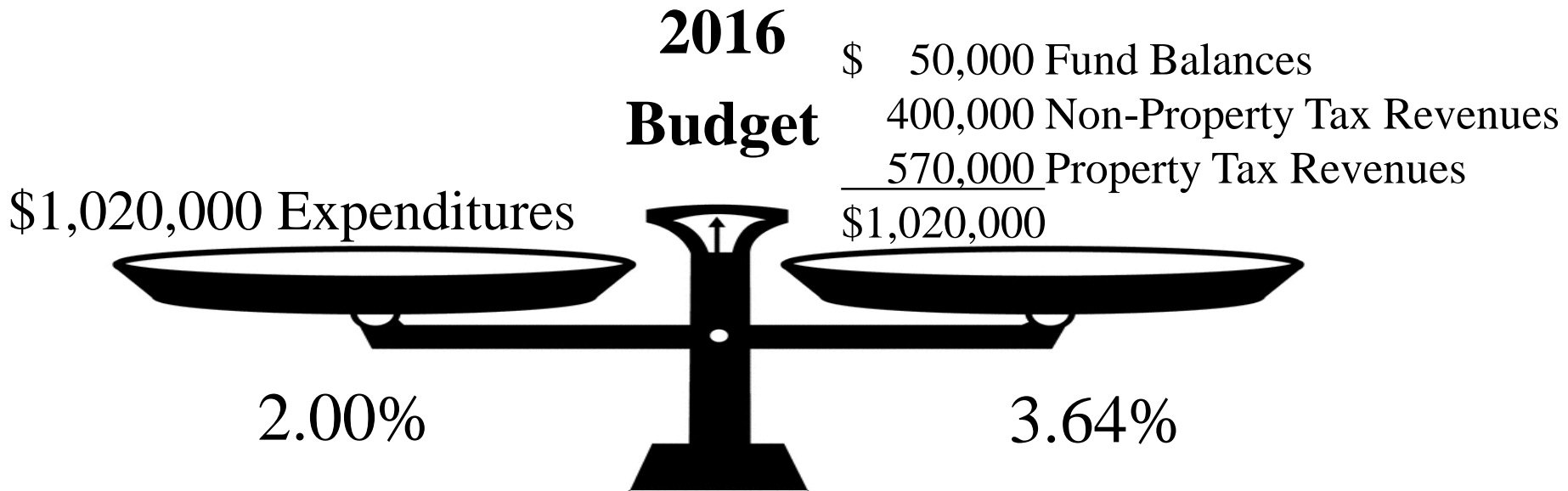
2015 TAX



*Proportion Based on Random Sample of 13 of 25 Erie County Towns

SUSTAINABILITY

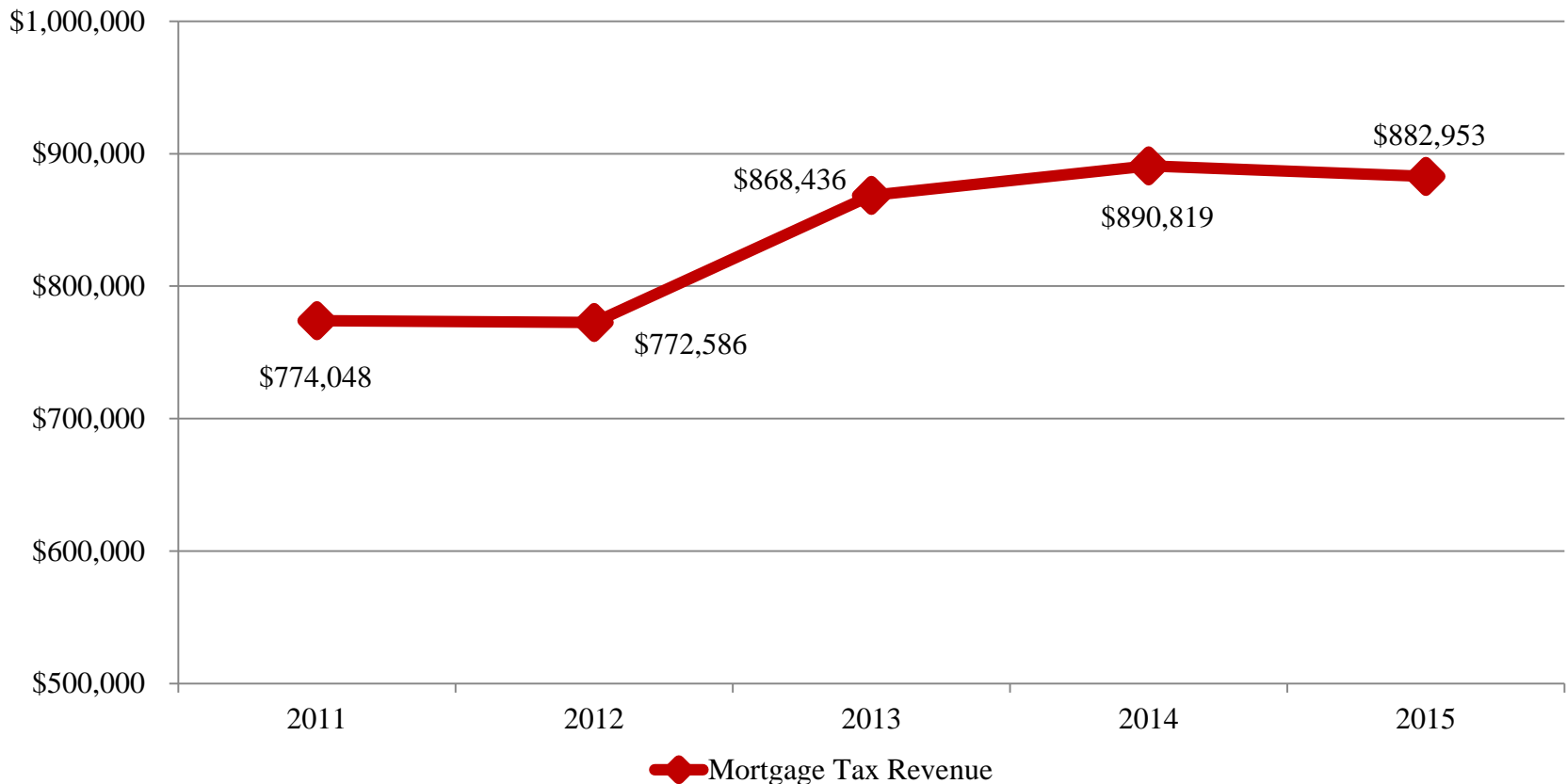
2016 TAX



Town of Orchard Park, NY

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Mortgage Tax Revenue – 5 Year Trend & Comparison

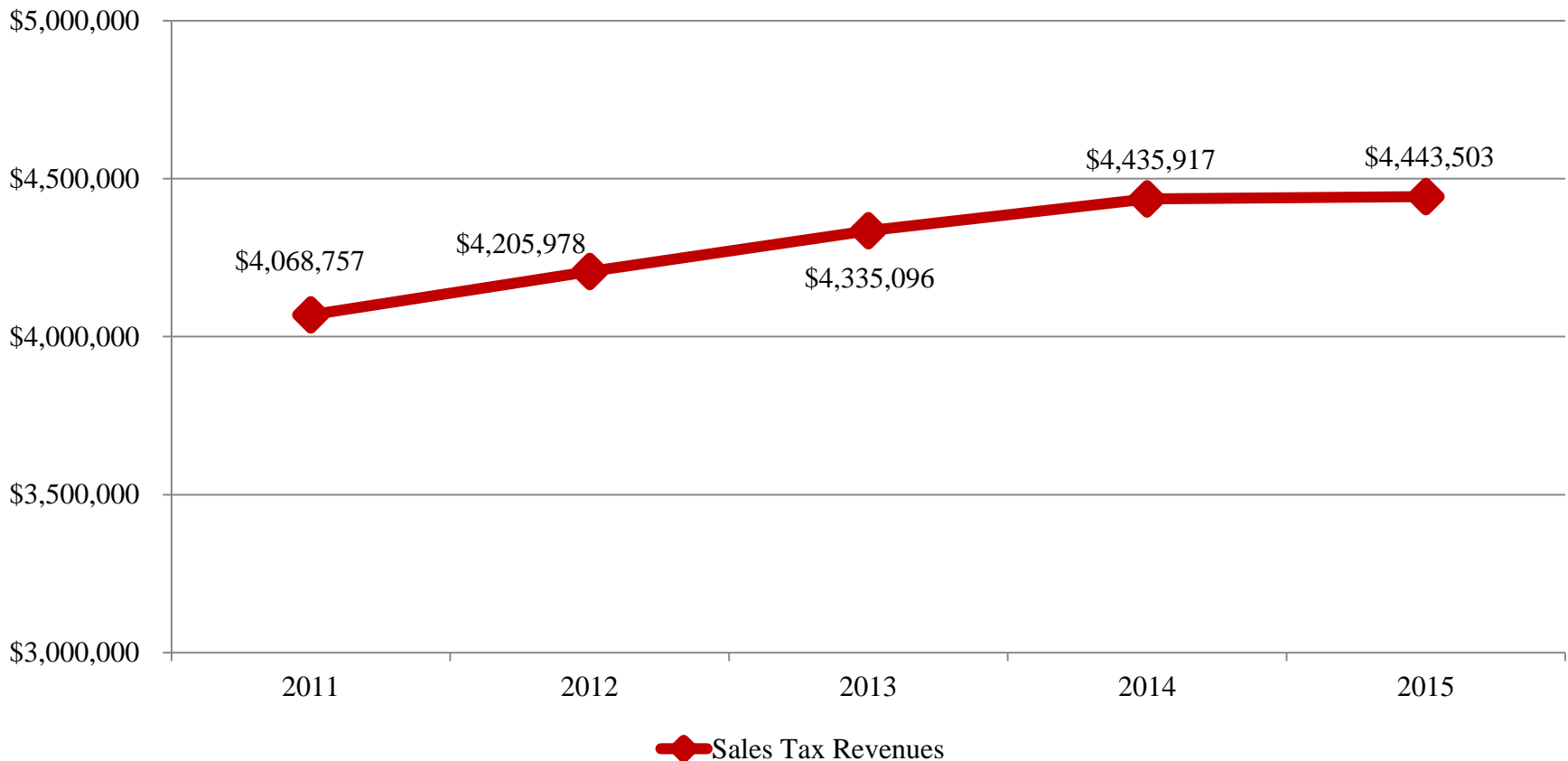


NOTE: 2011-2014 denote actual amounts. The 2015 balance represents an estimate of projected sales tax revenue.

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Sales Tax Revenues – 5 Year Trend & Comparison

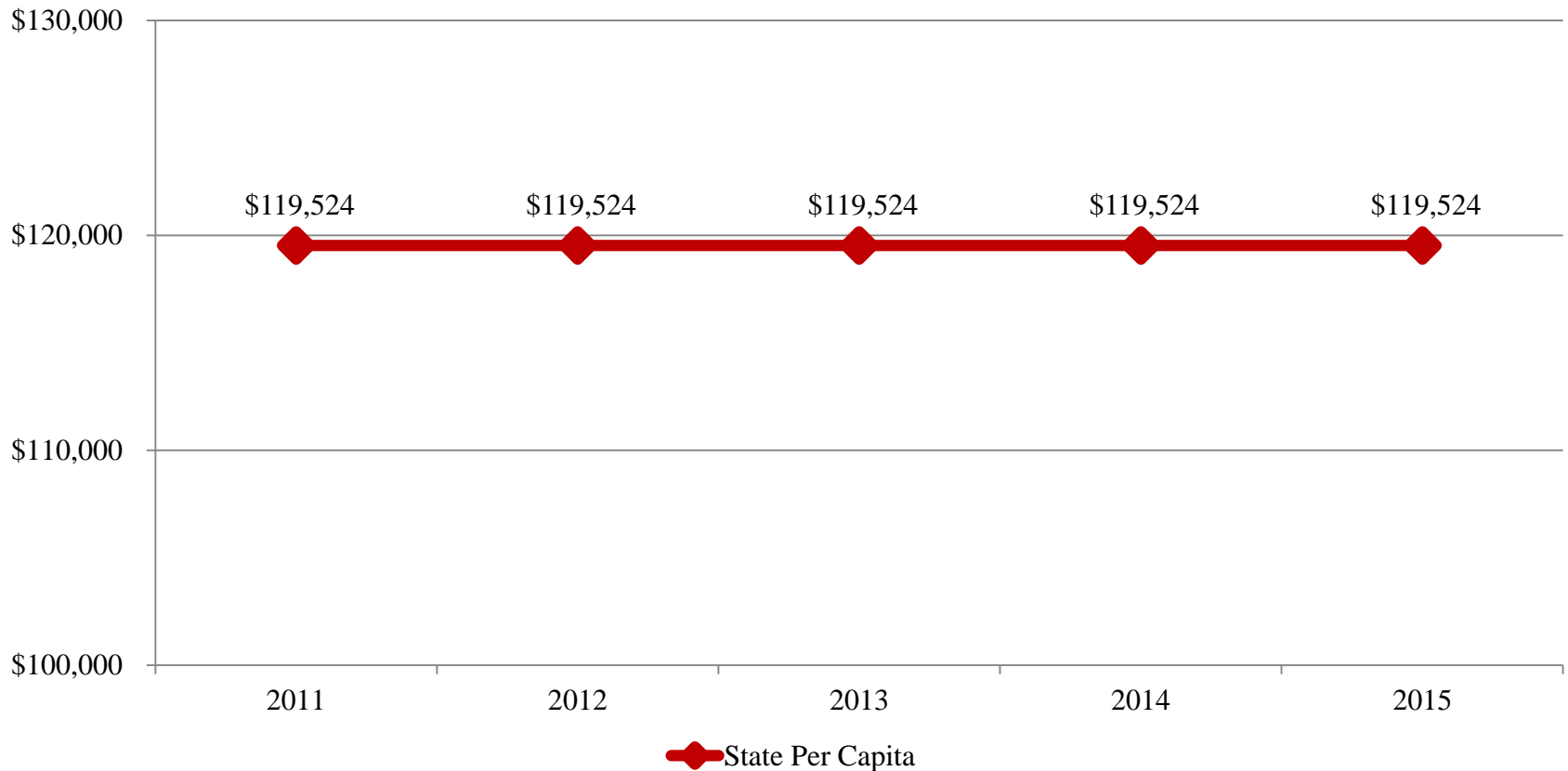


NOTE: 2011-2014 denote actual amounts. The 2015 balance represents an estimate of projected sales tax revenue.

Town of Orchard Park, NY

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State Per Capita Revenue – 5 Year Trend & Comparison



NOTE: 2011-2014 denote actual amounts. The 2015 balance represents an estimate of projected sales tax revenue.

Town of Orchard Park, NY 2016 Budget Process



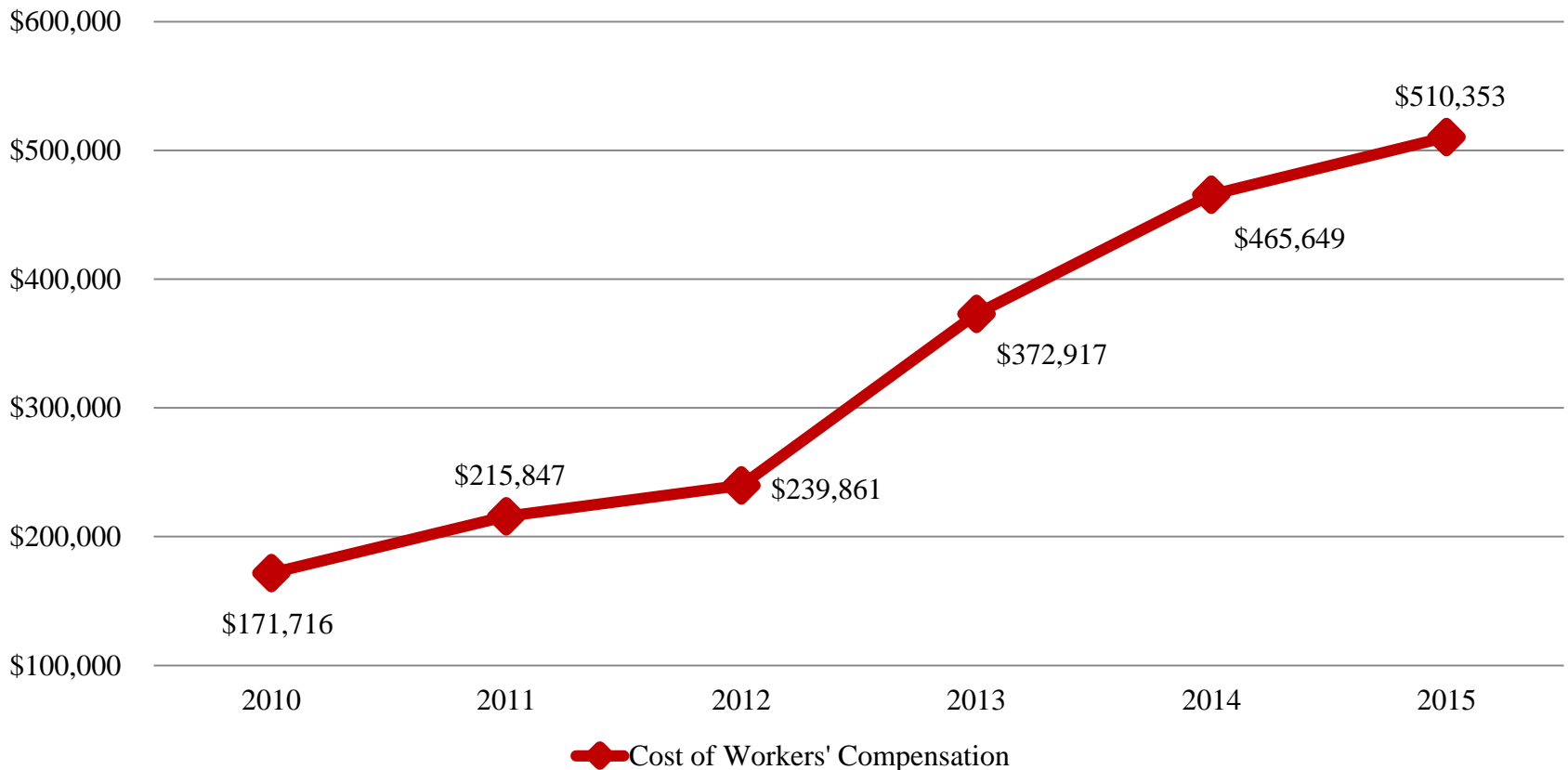
*III. Our
fateful
course*

Town of Orchard Park, NY

2016 Budget Process

Challenges

Workers' Compensation Contributions (Mandated)

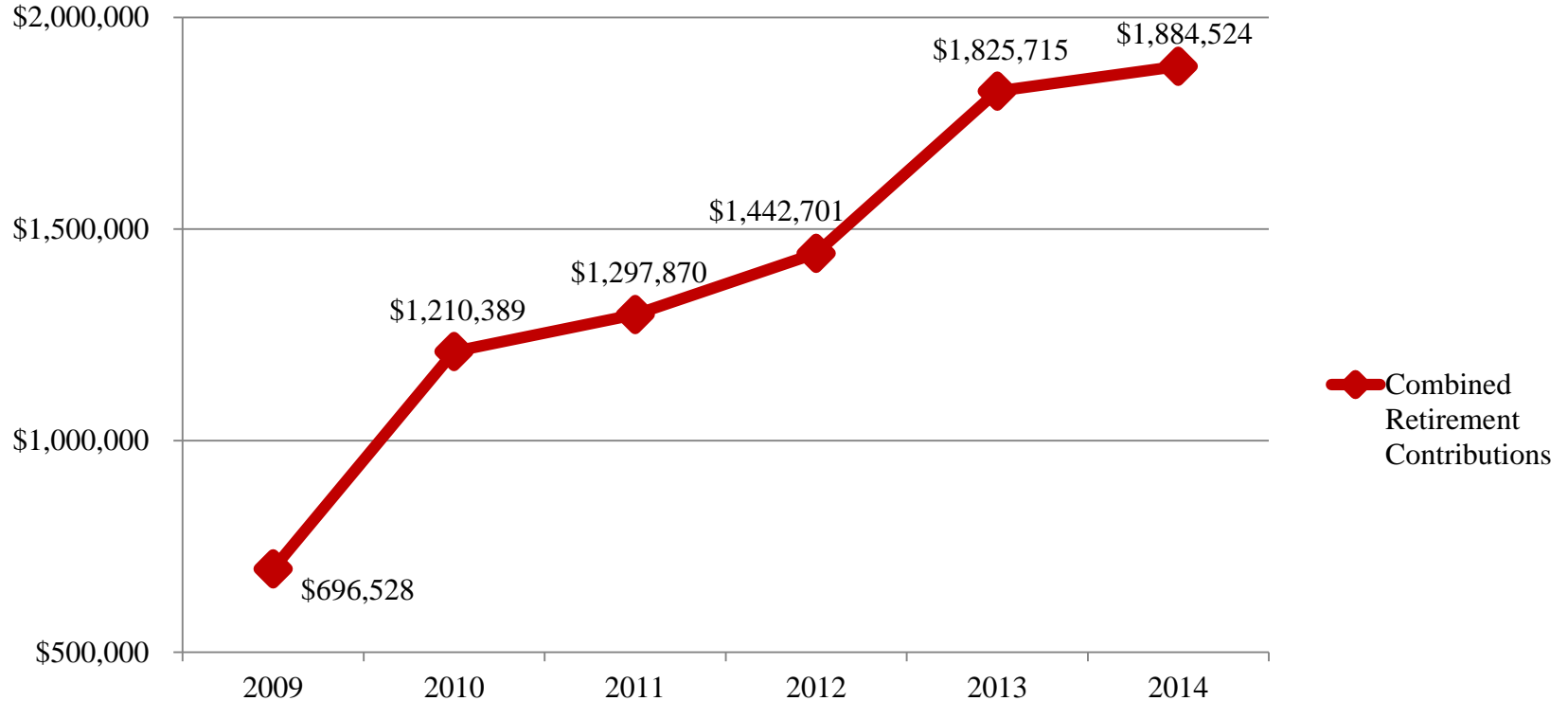


Town of Orchard Park, NY

2016 Budget Process

Challenges

Retirement Contributions (Mandated)



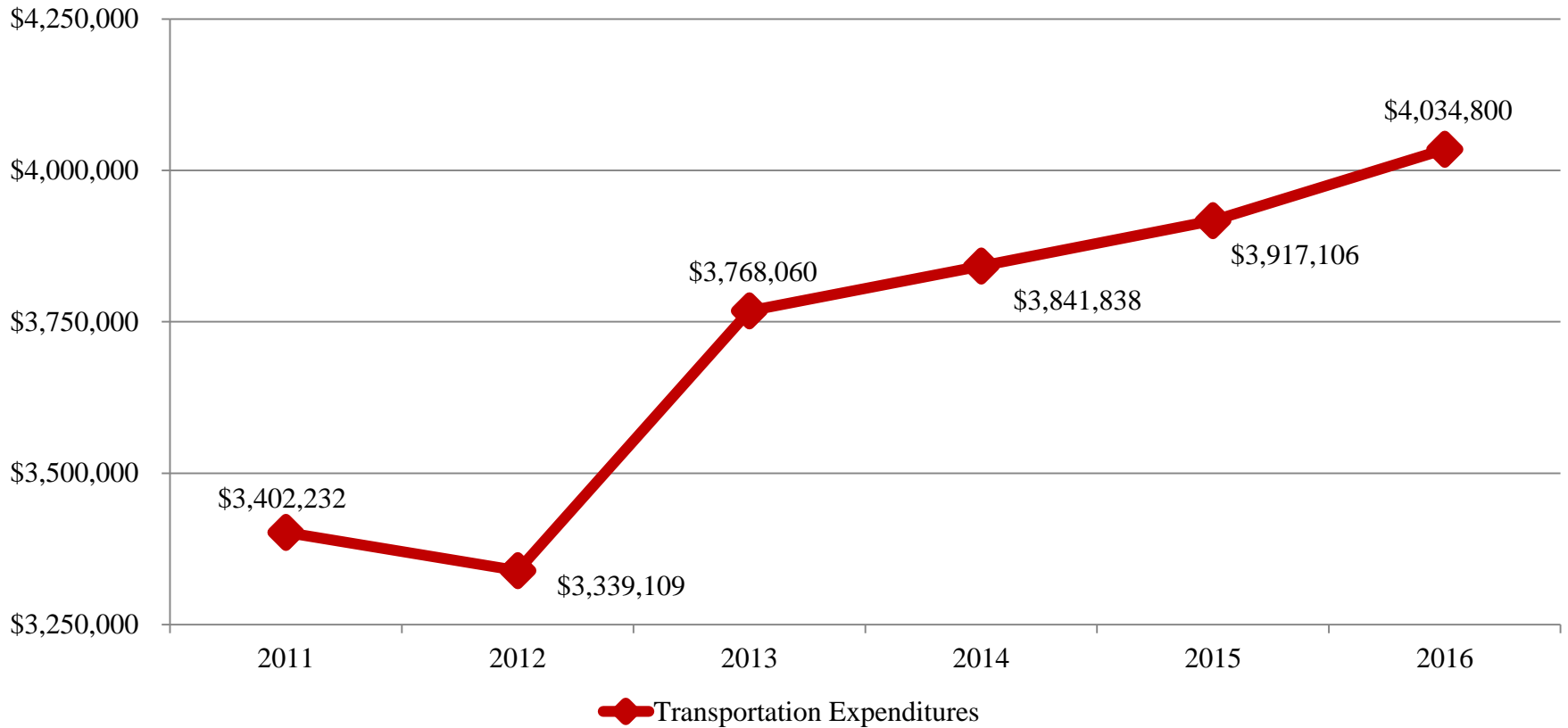
Source: Town of Orchard Park, NY annual CAFR for FY 2009-2014

Town of Orchard Park, NY

2016 Budget Process

Challenges

5 Year Transportation Cost Trend



2015 projected transportation expenditures based on 9.30.15 budget monitoring report.

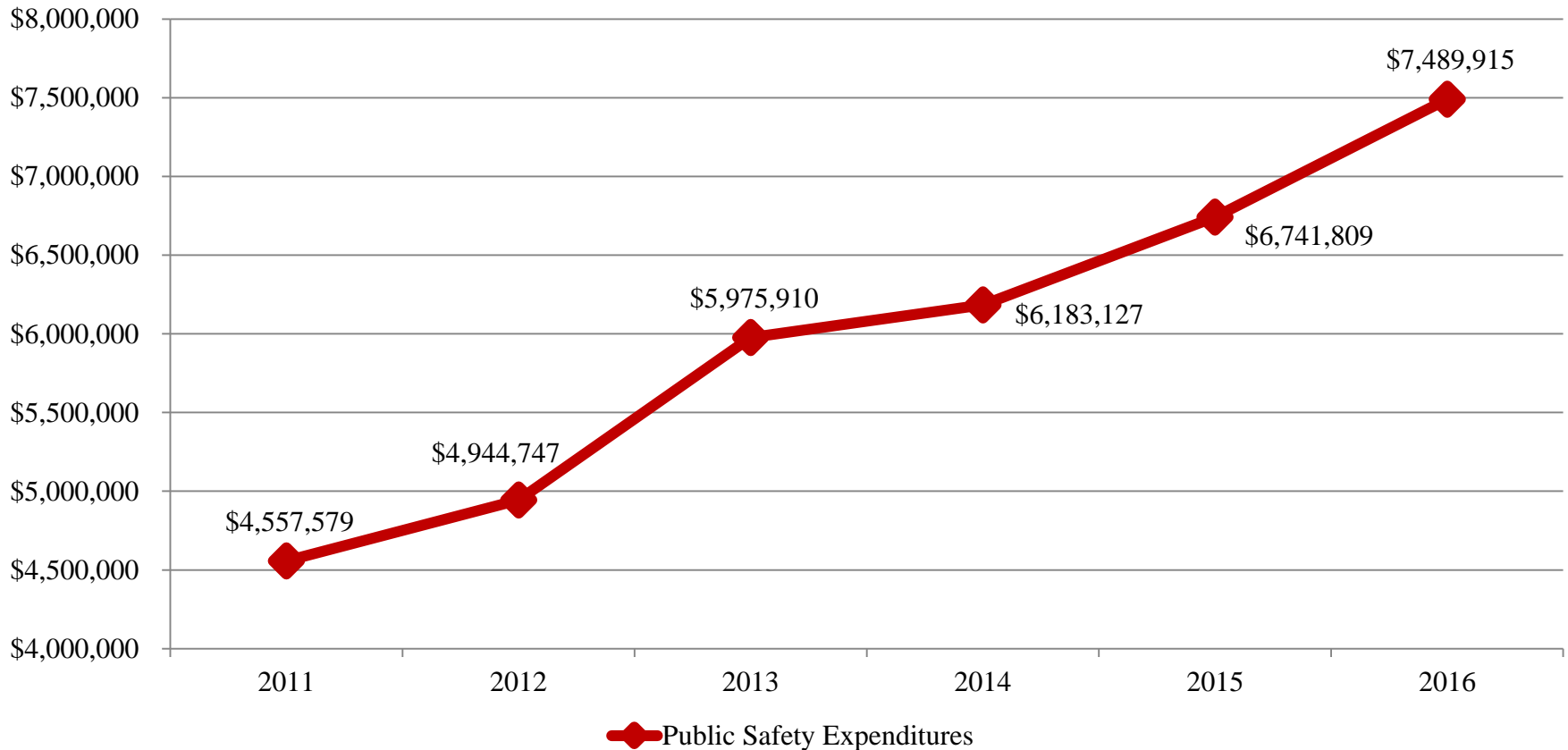
2016 projected transportation expenditures based on departmental requests.

Town of Orchard Park, NY

2016 Budget Process

Challenges

Public Safety Expenditures



2015 projected public safety expenditures based on 9.30.15 budget monitoring report.

2016 projected public safety expenditures based on departmental requests.

SUSTAINABILITY

Last 5 Years:

- Eliminated Positions
- Replaced Higher Paid Employees with Lower Paid Employees
- Replaced Full-timers with Part-timers

SUSTAINABILITY

2016 TAX

2016 Expenditure Assumptions

- No significant cuts in labor or services
- Health care costs increasing
- Personal services and fringe benefits equate to 75% of budget

SUSTAINABILITY

2016 TAX

2016 Revenue Assumptions

- No increase in Federal Aid
- No increase in State Aid
- Sales Tax?

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Tax Cap Leads to Excessive Use of Savings

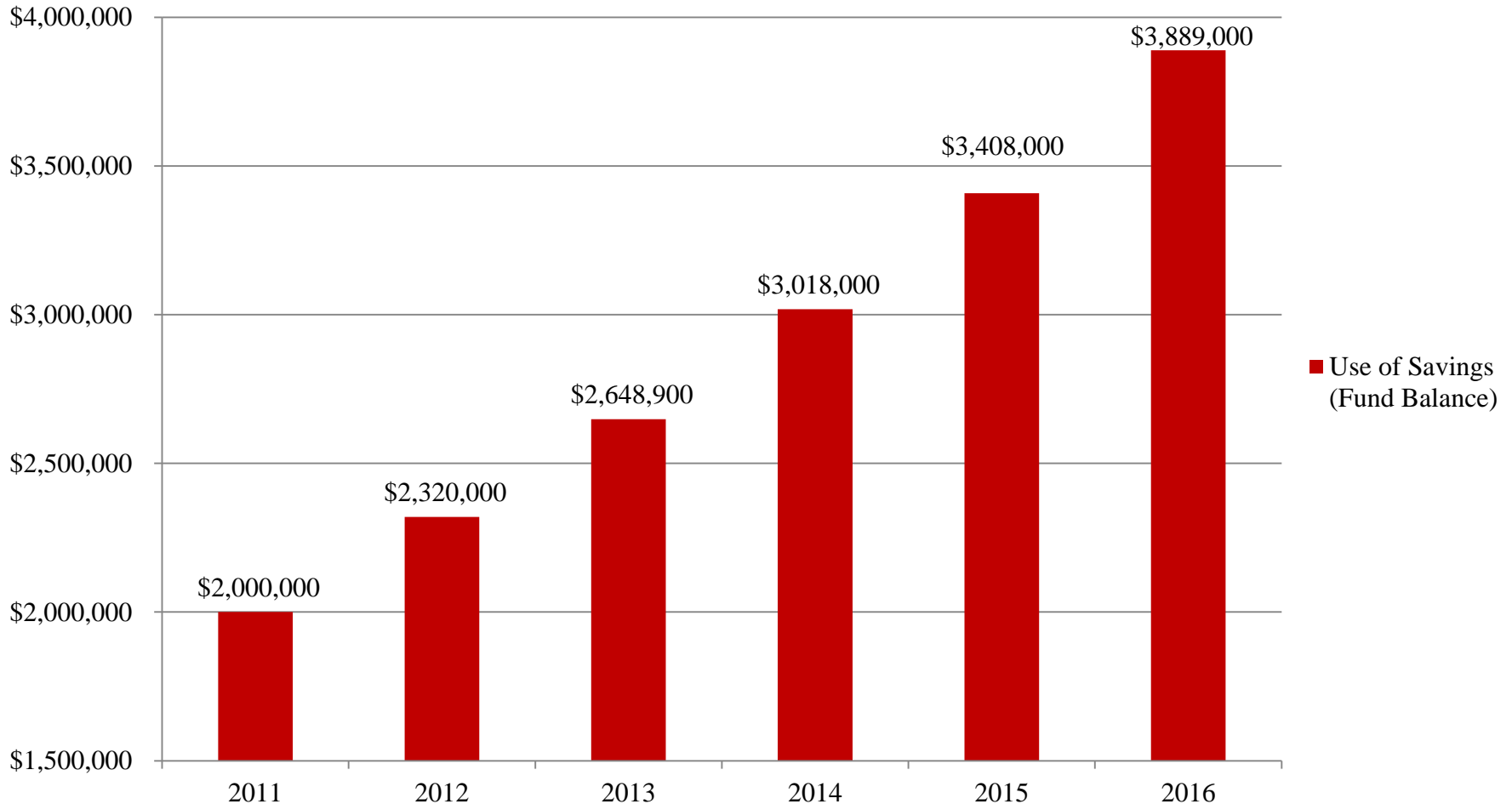


Assumes taxes of \$9 million; other revenue of \$9 million and use of savings of \$2 million in base year.

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2016 Budget Process

Tax Cap Leads to Excessive Use of Savings



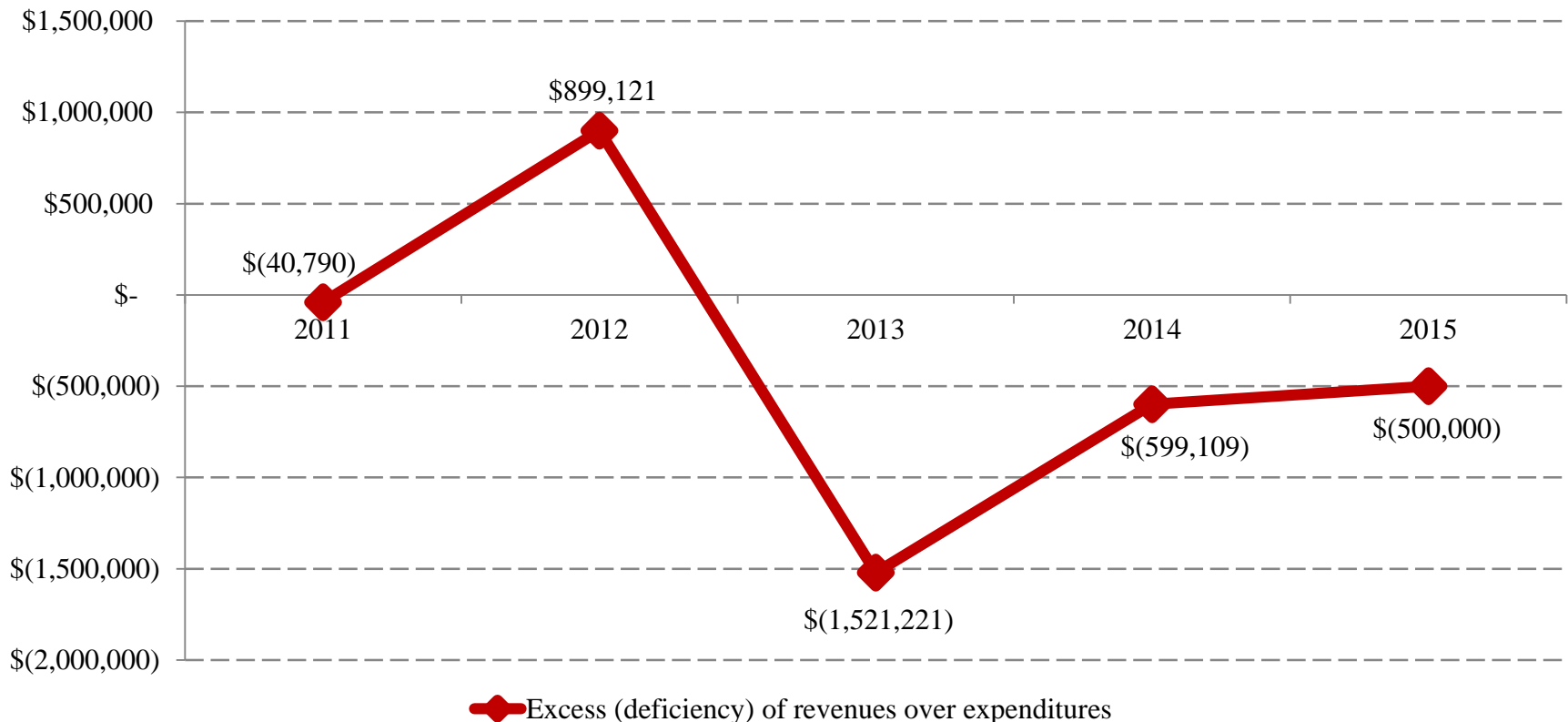
Assumes taxes of \$9 million; other revenue of \$9 million and use of savings of \$2 million in base year.

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Changes in Fund Balance

Excess (deficiency) of revenues over expenditures



Town of Orchard Park, NY 2016 Budget Process



*IV. The
future of Our
community*

Town of Orchard Park, NY

2016 Budget Process

AREAS OF SIGNIFICANT INCREASED COST

1. Technologies: \$250,000
2. Employee wages: \$200,000
3. Workers compensation: \$200,000
4. Healthcare: \$150,000 (6%)
5. Contractual debt payments: \$100,000
6. Attorney fees: \$50,000
7. Using less from fund balance vs. 2015: \$270,000

.73 cap = \$95,000 \$130,000 = 1%

Town of Orchard Park, NY

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ALTERNATIVE APPROACHES

1. Draw down approx. \$2,300,000 from general reserve fund (→ balance below \$3m)
2. Cut services & infrastructure
3. Exceed the tax cap

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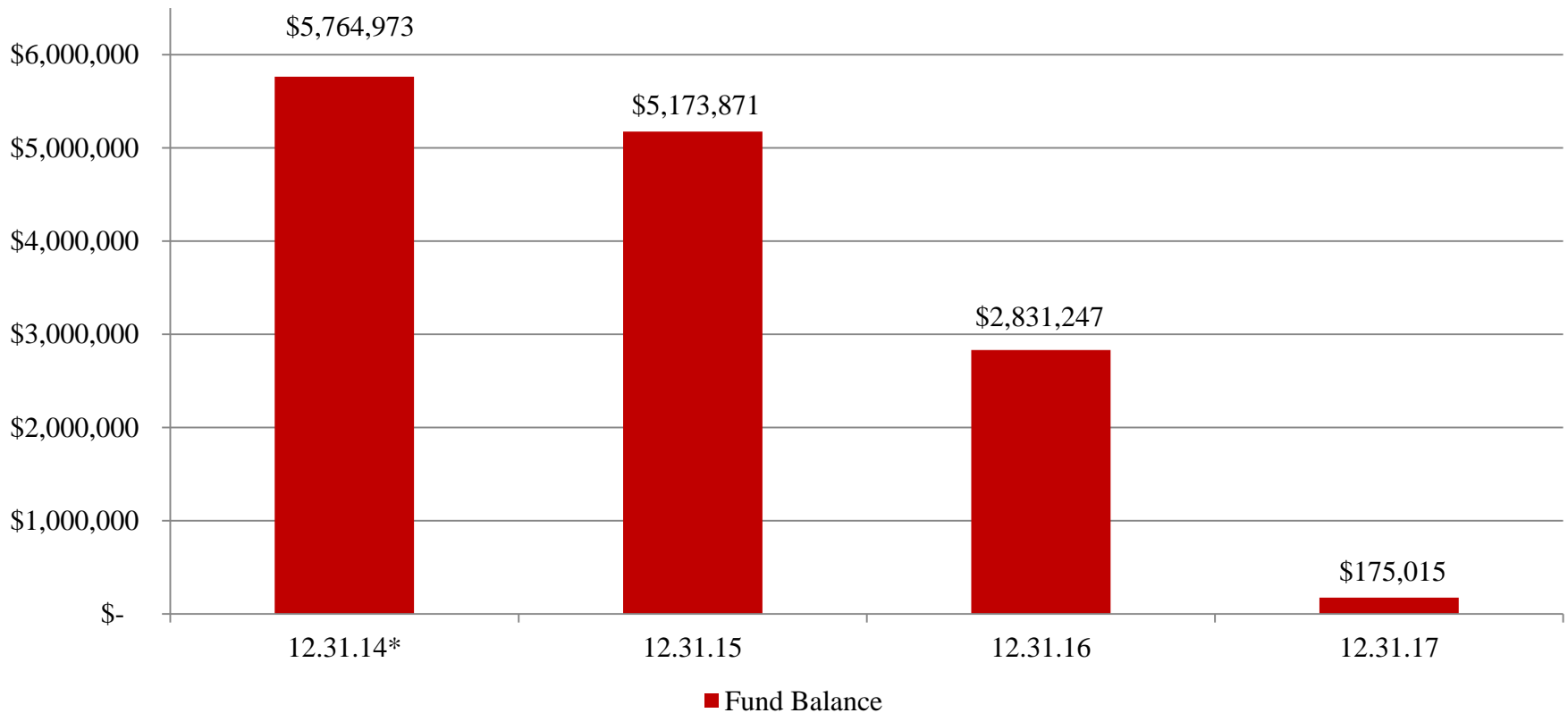
TENTATIVE BUDGET (September)

1. \$1,000,000 from general reserve fund
(→ \$4,000,000 balance)
2. 10% tax increase:
 \$85.00 year / \$7.12 month
 \$10.00 loss of tax freeze /
 efficiency plan rebate

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What happens to fund balance if we stay within CAP?



* Combined unrestricted fund balance for the General, Public Safety, and Highway Funds

Assumes utilization of 2016 tentative ad valorem budget; 2.5% expenditure increase in 2017 and 2018; no revenue increases, 0.73% tax increase in 2016, 1.54% tax increase in 2018.

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What will the minimum 2018 tax levy increase be?

31.5%

Assumes 2.5% expenditure increase, no real property tax revenue increase.

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What will the minimum 2018 tax levy be if we replenish our fund balance to the GFOA recommended minimum?

65.54%

The Government Finance Officers Association (“GFOA”) recommends a minimum of two months expenditures (16.667%) be available. This equates to a combined general, public safety, highway fund balance of \$3,253,464.

Town of Orchard Park, NY 2016 Budget Process



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The current tax cap is well-intended but ill-conceived; it was hastily implemented.

The state has failed to follow through with its promise of mandate relief and increased aid.

We need a workable tax cap!

Town of Orchard Park, NY

2016 Budget Process

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