Town of Orchard Park, NY
2016 Budget Process

WELCOME
INTRODUCTIONS
FORMAT
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 2016 Budget Process

Where Your Tax Dollars Go?

- 69% Orchard Park School District
- 18% County of Erie
- 13% Town of Orchard Park

- Green: Orchard Park School District
- Blue: County of Erie
- Red: Town of Orchard Park
What percentage of your Total Tax bill is used for Town items?

- 69.0% for Orchard Park School District
- 18.0% for County of Erie
- 6.4% for Town Personal Services
- 3.5% for Town Contractual
- 2.0% for Town Debt Service
- 0.7% for Town Employee Benefits
- 0.4% for Town Equipment

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Town of Orchard Park, NY
2016 Budget Process

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?

- $4,899.54 to School
- $912.97  to Town
- $1,343.85 to County
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2016 Budget Process

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
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2016 Budget Process

2014 Transportation Activity Cost (excluding benefits) Per Capita

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

Note: Towns selected based on a 2010 census population greater than 25,000
2014 Public Safety Cost (excluding benefits) Per Capita

- Amherst: $235.83
- Lancaster: $232.38
- Hamburg: $219.18
- Tonawanda: $213.87
- Cheektowaga: $208.71
- West Seneca: $199.80
- Orchard Park: $142.04

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*

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

*After league fees, golf fees, etc.

Note: Towns selected based on a 2010 census population greater than 25,000.
School District Tax Rate Trend – 5 Year Comparison

Source: 2011-2015 Annual Reports of the Department of Real Property Tax Services, Erie County, NY
County Tax Rate Trend – 5 Year Comparison

Source: 2011-2015 Annual Reports of the Department of Real Property Tax Services, Erie County, NY
Town of Orchard Park, NY
2016 Budget Process

Town Tax Rate Trend – 5 Year Comparison

Town Tax Rate

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

<table>
<thead>
<tr>
<th>Town</th>
<th>2015 Tax Rate</th>
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<tbody>
<tr>
<td>Amherst</td>
<td>$410.30</td>
</tr>
<tr>
<td>Cheektowaga</td>
<td>$945.67</td>
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<tr>
<td>Hamburg</td>
<td>$537.43</td>
</tr>
<tr>
<td>Lancaster</td>
<td>$565.11</td>
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<tr>
<td>Orchard Park</td>
<td>$346.93</td>
</tr>
<tr>
<td>Tonawanda</td>
<td>$683.21</td>
</tr>
<tr>
<td>West Seneca</td>
<td>$775.72</td>
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</table>

Source: 2015 Annual Report of the Department of Real Property Tax Services, Erie County, N.Y.
II. NY tax cap at the local level

I don’t care... Just keep up

By Frits Ahlefeldt
SUSTAINABILITY

2015 Tax

2015 Budget

$1,000,000 Expenditures

$ 50,000 Fund Balances
400,000 Non-Property Tax Revenues
550,000 Property Tax Revenues

$1,000,000*

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

2016 TAX

$1,020,000 Expenditures

2.00%

2016 Budget

$ 50,000 Fund Balances
400,000 Non-Property Tax Revenues
570,000 Property Tax Revenues

$1,020,000

3.64%
Sales Tax Revenues – 5 Year Trend & Comparison

III. Our fateful course
Town of Orchard Park, NY
2016 Budget Process

Challenges

Workers' Compensation Contributions (Mandated)

- 2010: $171,716
- 2011: $215,847
- 2012: $239,861
- 2013: $372,917
- 2014: $465,649
- 2015: $510,353
Challenges

Retirement Contributions (Mandated)

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

5 Year Transportation Cost Trend

Transportation Expenditures

- 2016 projected transportation expenditures based on departmental requests.
Town of Orchard Park, NY
2016 Budget Process

Challenges

Public Safety Expenditures

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?
Town of Orchard Park, NY
2016 Budget Process

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

Excess (deficiency) of revenues over expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenues over expenditures</td>
<td>$(40,790)</td>
<td>$899,121</td>
<td>$(1,521,221)</td>
<td>$(599,109)</td>
<td>$(500,000)</td>
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</table>

Source: Town of Orchard Park, NY annual CAFR for FY 2014
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%
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2016 Budget Process

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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2016 Budget Process

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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2016 Budget Process

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.
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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2016 Budget Process

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
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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