2015 BUDGET FACT SHEET

The 2015 budget is again under the New York State Tax Cap. That means that our residents will receive the proposed levy increase back from the state in the fall of 2015 – effectively making the levy increase 0% this year. The Town of Glenville has stayed under the cap every year since it was implemented.

Perhaps, more importantly, this budget does not employ gimmicks such as new “fees” for services that have always been paid for in taxes, thereby trying to make the tax levy look smaller by hiding a “fee”, and it does not defer our required payment into the retirement system that only kicks the can down the road.

- What this means to the resident:
    - A typical Glenville homeowner outside the village of Scotia will see a total 2015 town tax bill increase of $17.85 for the entire year, which includes all town items on your January tax bill: town general, town outside, highway, water, sewer, and all special districts.
    - A typical village homeowner will see a 2015 town general tax increase of $11.87 for the entire year.
    - As stated above, since the Town has again stayed within the tax cap, all town taxpayers will receive a rebate check in autumn 2015 that covers the amount of any town tax increase. This rebate is due to the state’s new Property Tax Freeze Credit program.
- The 2015 budget remains true to the principles this Town Board has espoused over the past five years - fiscal restraint, avoidance of unnecessary borrowing, lowering our dependency on use of the fund balance and living within our means.
- This budget effectuates new cost-effective models for delivery of services, such as dog control and facility cleaning, while ensuring that the jobs still get done right.
- The 2015 budget again reduces our reliance on using fund balance, which is akin to a town savings account, toward our operational expenses. For our three main funds – town general, town outside, and highway – the

2015 budget utilizes less than $580,000 in fund balance appropriation. When this Board was first elected in 2010, we inherited a budget that used almost $1,400,000 in fund balance appropriation for these three main funds. That's a near 60% reduction in just 5 years.

- Our 2015 budget came in under the tax cap despite absorbing an anticipated $125,000 increase in health care expenses and an expected $250,000 in accrued leave time payouts, such as sick time and vacation time, to town employees likely to retire in the coming year. These are expenses typically not borne in the private sector. However, for town taxpayers they are contractual obligations which were first agreed to in labor contracts long ago. We are currently in negotiations with all three town labor unions and hope to settle shortly on new contracts which provide fair, realistic wage adjustments for employees while mitigating the effect of unsustainable employee benefit packages on town taxpayers.

- We also have two other significant issues to handle in this budget: falling mortgage tax revenues and rising county Board of Election charges. So far in 2014, the number of property deeds filed in Glenville are up 6% from 2013. This is an indication that our housing market is solid. However, the number of mortgage filings, a figure which includes not just sales but also home refinancings, is down 29% from last year. This drastic reduction in refinancings in 2014 is likely due to mortgage rates remaining at near-record lows for a prolonged period. In a nutshell, everyone who could refinance over the past few years has already done so. This problem is not unique to Glenville - it is being felt by municipalities across the country. For us, the result is a reduction in budgeted mortgage tax revenues from $675,000 in 2014 down to $525,000 in 2015.

- Another cost-driver for 2015 that is wholly outside of our control is a $25,000 increase in county-mandated charges for the County Board of Elections. This 7% increase from 2014 is a straight pass-through to the town; we have no say in the matter. The county employs all elections staff, incurs all elections expenses, enters into various elections contracts, negotiates employee wages and benefits… and then sends a bill for 100% of all county Board of Election expenses to its municipalities. In 2015, taxpayers in Glenville will pay $387,964 to the county for one year of election expense. Making this even worse, the election charges from the county count against the town's tax cap.

- It should be noted that the county has the option of including these expenses within the county tax levy and as part of the county tax cap.

However, the county instead chooses to mandate that the towns and city pay for all county election expenses while providing our local taxpayers no voice in how this money is spent.

- We continue our practice of paying cash, instead of borrowing, for daily operational vehicles such as police cars and DPW pickup trucks and vans
- Overall town appropriations across all funds and special districts, exclusive of mandated county election charges, are $73,000 below the adopted 2014 budget appropriations
- Town debt is down by $4 million since 2010

The Required Move of Town Parks to the A Fund (Town Wide Fund):

- It's important to note that in order to comply with New York State Law, this budget fixes an error that occurred in 1998 and was carried forward ever since. Parks was moved from the A Fund to the B Fund (Town Residents Not in the Village) in the 1998 Tentative Budget with no explanation of that move in the budget memo.
- State law, however, mandates that A TOWN-WIDE function needs to be charged to the TOWN-WIDE FUND – that being the A Fund. Although the Village has its own parks, the town is not allowed to shift the cost of all the parks onto a smaller tax base. Just as the Town Board, the Town Justices, the Supervisor, the Comptroller, the Town Clerk, the Attorney, Buildings and Grounds, the Highway Superintendent, the Highway Garage, and Senior Programs lines are all items in the A Fund because they are TOWN-WIDE functions, so must be the parks, despite the fact that the village also has parks in their budget.

Regardless, the statutes and case law of the State of New York require that the parks be placed in A Fund:

- **NYS Town Law 220 (3)** permits a town to establish public parks or playgrounds, to acquire the necessary land and to equip same with suitable buildings, structures and apparatus.
- **NYS Town Law 232** requires that the financing of the purchase or improvement of parks by taxes MUST be assessed, levied and collected from ALL TAXABLE PROPERTY IN THE TOWN.

- **NYS Town Law 245** requires that when improvements are constructed and completed, they SHALL (a mandatory term) be charged against the parcels which the cost of the improvement was charged. In the case of parks, that means parks maintenance must be charge to all taxable property in the town.

- These statutory principles have been restated by the State Comptroller: "The expense of maintaining a public recreational area in a town and of running a town department of parks IS A TOWN-WIDE CHARGE." *25 Opinions of the State Comptroller 55 (1969)*. This position was re-stated by the *Appellate Division, Second Department in Village of Ardsley v Town of Greenburgh in a December 8, 1980* decision that affirms this: the expenses of financing, operating and maintaining the park are town-wide charges, to be assessed, levied and collected from all taxable property in the town. .

- In 1975 the Town of Greenburgh purchased the Scarsdale Bath and Tennis Club from its private owner to form Greenburgh Town Park. A substantial portion of that park, i.e., approximately 4 out of 20 acres, lies within the Village of Ardsley. Although the park was created without the consent of or an agreement with the Village of Ardsley , such action was permissible pursuant to subdivision 4 of section 220 of the Town Law A park created pursuant to subdivision 4 of section 220 of the Town Law is a general town improvement open to all residents of the town, whether they be from incorporated or unincorporated areas . Since the park is a town-wide improvement, the expenses incurred in financing, operating and maintaining it are townwide charges, to be assessed, levied and collected from all taxable property in the town

- More recently, in Bernstein v. Feiner, the Appellate Division, Second Department upheld the right of a town (outside the village) taxpayer to sue to prevent the town from purchasing a land for a park where the town proposed to charge the expense only to town residents outside the village (of Tarrytown). The Bernstein case underscores that if the Town did not put the parks charges in the Town-wide fund, it would expose itself to litigation by a town (outside the village) taxpayer. What the Town has been doing by charging only Town Outside the Village residents for Parks is contrary to state law. It’s not discretionary – the town is mandated to place parks in the A Fund and correct the 16 year error. The 1998 Glenville Town Board never had the legal authority to make this switch.

- Regardless, the Town residents, outside the village, still pay for the vast majority of the parks even though it's in the A Fund. The Village resident (who is also a Town resident) only pays for .18 on the dollar for the parks – Town residents outside the village still pay for .82 of that $1. It's not a fair statement to say that the entire cost for the parks has been shifted to the Village resident.

Revenue Changes in the 2015 Budget

- There has been a reduction of $210,000 in the A Fund. Part of the revenue changes of $210K is the $150k reduction in Mortgage Tax revenue that is market driven and out of the control of the town. The mortgage tax is paid when homes are sold and a mortgage is filed or a homeowner re-finances their mortgage. This revenue reduction is a large reason for the levy increase this year.

- The reminder of the changes (Pilots, Penalties and interest) is now evenly and fairly split between all funds as revenue is rightfully shared. In '15 the A Fund will get 32%, matching its share of the tax levy, whereas in 2014 it received 75% and prior to that it received 100% - despite the fact that these revenue streams should have been allocated proportionately between the tax levies of the Town General, Town Outside, and Highway Funds.

What's Not Changing in the 2015 Budget

- Mortgage tax revenue and state aid (AIM- Aid & Incentives to Municipalities) revenue will still be booked in the Town General Fund (A Fund), as it always has been, and not the Outside the Village Fund (B fund), despite the fact that the village receives direct payments for mortgage tax revenue and AIM revenue. Village residents will receive the duplicate benefit from these revenue streams: once through the Village of Scotia budget, and once through the Town General Fund budget.

- This "duplicate benefit" on mortgage tax revenues and AIM revenues provided the typical Village of Scotia homeowner, with a home assessed at $116,300, with the following benefits in 2014:

    - Mortgage tax – The benefit to the typical village homeowner is $13.75. This is due to the fact that the village constitutes 18% of the Town General tax base but village residents will be receiving approximately 26% of all townwide mortgage revenues. In total dollars, village residents will receive approximately $53,000 in mortgage tax revenues paid directly to the village in 2014. Village residents will also receive 18% of the approximately $540,000 in mortgage tax revenues paid to the town. The village share of mortgage tax revenues paid to the town is approximately $97,000. All told, village residents will be receiving approximately $150,000 of the total $593,000 in combined 2014 mortgage revenues received by the village and town. This represents a 14% TAX LEVY REDUCTION to the village resident.

- State Aid – The benefit to the typical village homeowner is $10.19. This is due to the fact that the village constitutes 18% of the Town General tax base but village residents will be receiving approximately 41% of all townwide AIM revenues. In total dollars, village residents will receive approximately $70,000 in AIM revenues paid directly to the Village in 2014. Village residents will also receive 18% of the $176,000 in AIM revenues paid to the town. The village share of AIM revenues paid to the Town is approximately $32,000. All told, village residents will be receiving approximately $102,000 of the total $246,000 in combined 2014 state aid AIM revenues received by the village and town. This represents a 10% TAX LEVY REDUCTION to the village resident.

- These two factors alone result in a 24% TAX LEVY REDUCTION to the village resident.

Putting it in Perspective

- The 2015 budget moves the Parks expense from the B Fund to the A Fund as required in state law. This legally required change, along with the reduction in mortgage tax revenue, results in a 2015 Town General Fund bill increase of $11.56 for the typical Village homeowner and accounts for virtually the total levy change in the 2015 A Fund. However, keeping the mortgage tax revenue and state aid revenues in the A Fund results in a 24% reduction in potential tax levy for village residents. Both park expense and revenue share are allocated by state law and the town is now compliant.