

## **MAYOR MARVIN'S COLUMN**

Per New York State Law, all Villages were required to file a tentative budget for fiscal year 2011-2012 by March 21<sup>st</sup>. The Trustees and I must then refine and adopt a final budget by May 2<sup>nd</sup>. During the intervening period, the Trustees will hold three workshops as well as a public hearing at the April 11<sup>th</sup> Trustees' meeting to further review the numbers.

The following is a synopsis of the major budget items that will be the ultimate financial drivers in the final budget.

To begin from the macro, the proposed tentative operating budget is \$13,642,687 which represents a \$6,155 spending decrease from the current budget. Unlike school districts which derive 100% of their funding from taxpayer dollars, the Village will rely on a revenue stream to fund \$5,681,981 or 41.6% of the projected budget, a 2.4% decrease from the 2010-2011 budget revenue amount of 44% of budget. So unfortunately, even if spending is trimmed or remains flat, the downturn in the economy has significantly affected our earnings on the revenue side.

The major factor in our decrease in revenue is the precipitous loss in income interest. As illustration, in 2006/2007, we had interest income of \$287,800. This year we project \$27,500 in interest income representing a 90% drop in just four budget cycles.

In addition, our aid from New York State has been decreased as well as our parking meter revenue. Sales tax and mortgage tax revenues that dropped dramatically two years ago are not yet climbing back to anywhere near pre-recession numbers.

Conversely, our expenses continue to climb, especially the unfunded mandates from the State, in significant increments. The main driver in our budget – the elephant in the room – is our obligation to the State's pension fund. Unbelievably, it has increased 100 fold in just a decade and this year it will rise by a staggering 30% or \$236,116 to \$1,033,394. The increase in this one line item alone, all others being equal, equates to over a 3% tax increase. When you receive the next Village tax bill, 13% of your payment will go directly to the State pension fund. These numbers are clearly unsustainable going forward since every increase in spending of \$76,400 represents a 1% tax rate increase.

In addition, health care premiums are projected to increase 14.8% from last year's numbers. Despite requiring significant employee and retiree health care contributions in all our current contracts and shopping providers resulting in substantial savings, the Village will still spend \$1.7 million to fund the health care plan in the new budget.

Clearly, we need to continue to gain additional health care contributions in future contracts as this number, too, is unsustainable.

We continue to be mandated to pay the State over \$20,000 as our share of the MTA tax levied by our Legislature on all employers in New York State. Even though many, many Connecticut residents use the Metro North system, only New York residents living within the 11 county MTA region must foot this bill.

Our utility costs are also projected to increase significantly. Electricity costs are projected to rise 9.5%, diesel fuel by 34.8%, gasoline by 27.8% and heating costs by 35.7%.

To achieve two straight 0% tax increases in the last two budgets, we trimmed virtually everything we could and still provide the necessary municipal services. Library hours were reduced, capital projects eliminated, every contract with outside vendors was re-negotiated to achieve savings including health care providers, legal services, tech support and telephone services. In addition, staffing positions were eliminated. Since 2008, we have eliminated seven staff positions or 9.5% of our workforce. We now operate all facets of Village government including police, public works, sanitation, a court system, library and administration with just 67 employees.

Based on all of the above assumptions, the proposed tentative budget, even with a decrease in spending and 0% salary increases, assumes a 4.2% tax levy increase. To put in real numbers, on a Village home with a current tax bill of \$30,049, \$25,039 goes towards the operation of the school and \$5,010 to run the Village. With the proposed tax increase, the Village tax portion would rise to \$5,378, an increase of \$368.

This budget is by no means set in stone as the Trustees may make changes up until its final adoption. We will review every line in this budget in the coming weeks and we invite resident input on any of the budget items.