



Village of Wellsville

Office of the Treasurer

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April 7, 2014

To: Residents of the Village of Wellsville

From: Mayor of Wellsville
Members of the Board of Trustees

Re: 2014 – 2015 Tentative Budget Public Presentation

The Mayor and the Board of Trustees develop policies and enact ordinances and resolutions to ensure the health, safety and welfare of Wellsville residents. One of their most important responsibilities is to adopt an annual budget that supports those services by establishing revenue sources to be used to finance the proposed services and strategically allocate those resources. As part of this process, the Mayor and the Board of Trustees establish the tax levy and make arrangements for that levy to be collected.

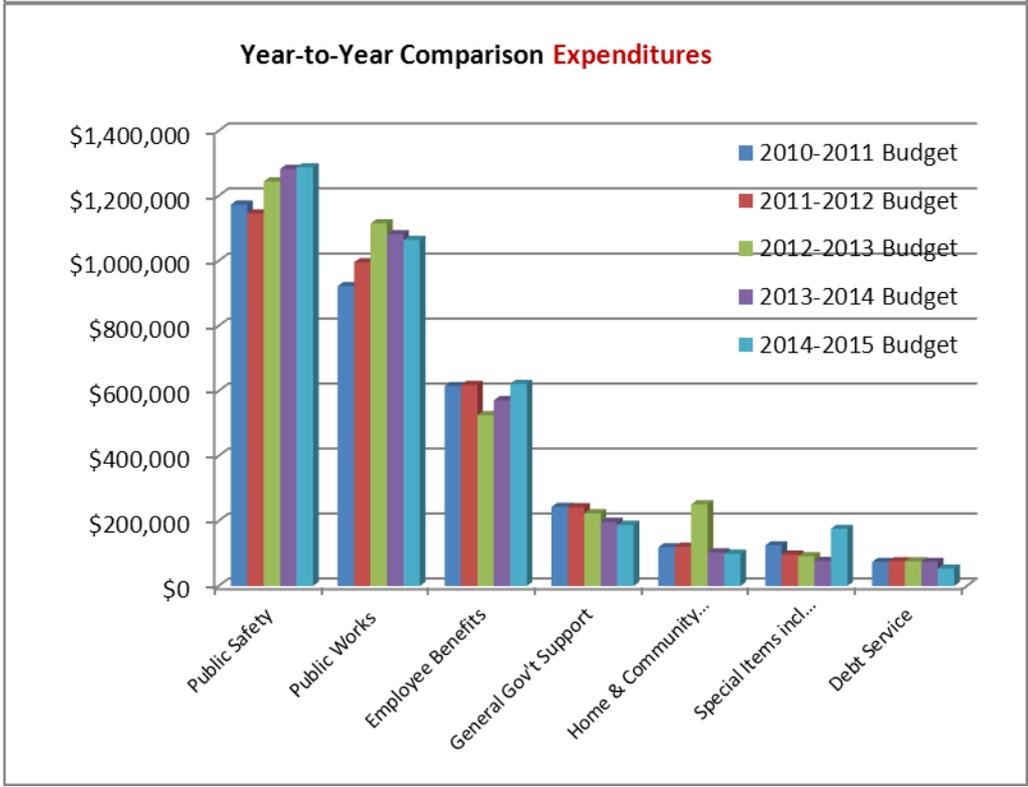
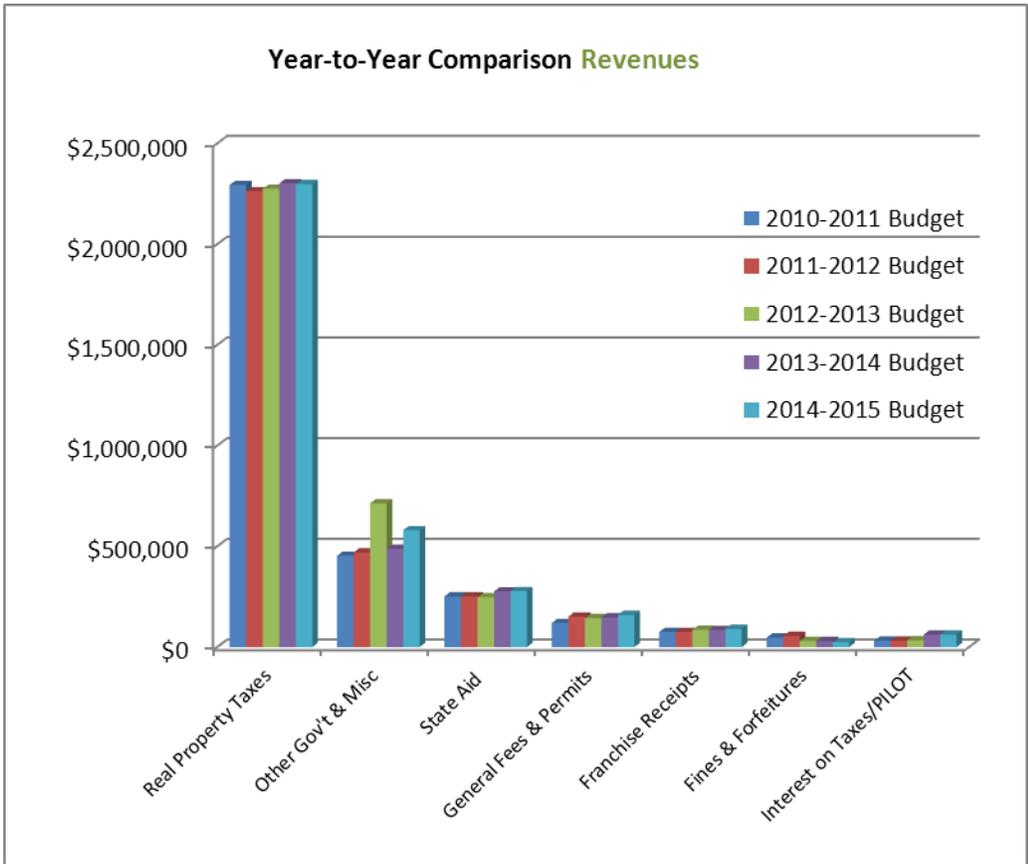
On their behalf, and the staff who assisted in preparing the estimates and plans that become the municipal budget, I am presenting herein the 2014-2015 Tentative Budget Public Presentation.

In summary, each of our five funds are, again, balanced without the need for additional appropriation from the unassigned fund balances. It is also not expected that we will be able to add to our unassigned fund balances at year-end. In some cases we are using reserves to offset planned equipment purchases. Based upon community input the board was very committed to not raising the property tax rate this year which actually resulted in a lower tax levy. The tax levy is budgeted at \$2,298,000, which is \$3,600 less than last year's levy. The assessed value decreased \$185,648 to \$112,143,847 and the tax rate will remain unchanged at \$20.49.

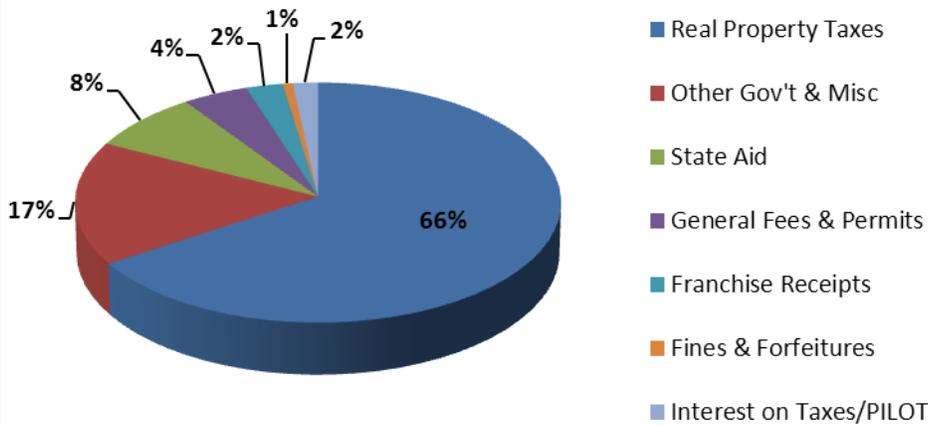
We are disclosing some statistics regarding tax exempt properties: The total assessed valuation that is exempt from village taxation is \$68,824,292 of the assessed total of \$180,968,139, leaving the \$112,143,847 taxable valuation. This tax exempt value represents 38.03% of the total valuation.

The total General Fund revenues are estimated at \$3,490,000. This year there are no prior period revenues which is why this total is lower than last year. Total General Fund expenditures are likewise projected to be \$3,490,000. Expenditures in most categories are similar to what was budgeted for 2013-2014 with the major exception that we must budget higher estimates for medical insurance costs. Normal revenues are really projected at \$3,400,000 with \$90,000 coming from reserve funds to cover equipment costs for the year.

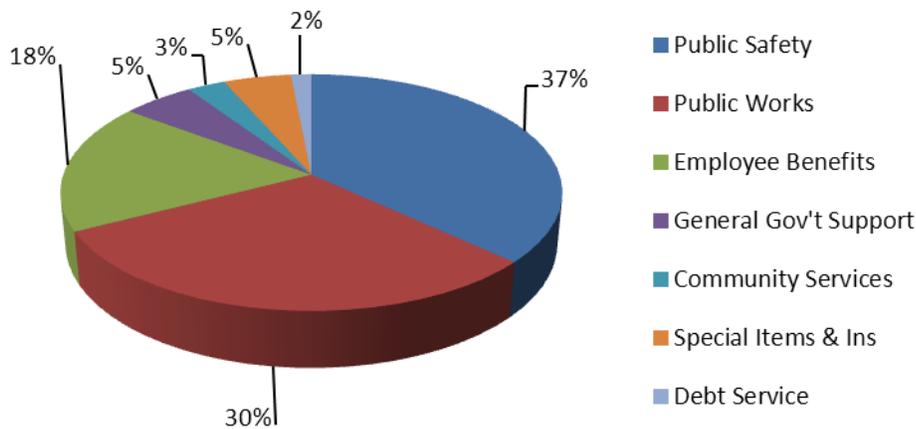
The following charts provide some comparison budget data for the General Fund:



2014-2015 Budget Revenues



2014-2015 Budget Expenditures



The total Water Fund revenues are estimated at \$1,140,000, which is about \$30,000 higher than estimated in 2013-2014; Sewer revenues are projected to be \$860,000, which is close to \$60,000 higher than last year and the Refuse Fund revenues are slated to be 297,500 which is about \$10,000 more than last year. There are no changes in usage fees budgeted this year.

We have again updated our long-term planning into the budget process. These working documents help identify when major capital needs will be required. One of the many impacts of the Property Tax Levy Cap Law is that adding debt without exceeding the cap becomes very difficult. It requires better timing and/or a commitment to build reserves and self-finance capital needs using those reserves. These long-term planning documents include: a Fund Balance Policy and Reserve Balances spreadsheet, which outline the allocation of funds in light of new accounting rules and to ensure the Village maintains adequate fund balances and reserves, a Strategic Financial Plan that develops longer-term strategies so that the Village is able to provide the service mix desired by the community with the

lowest possible tax levy and fees (while maintaining a solid financial foundation) and a Capital Purchase Plan spreadsheet that looks five to eight years out to identify and plan for capital needs.

The news this year revolves around the Governor's commitment to keeping property tax rates from increasing. As opposed to raising rates and committing to a rebate program requiring unidentified efficiency cuts later the board has decided to hold the tax rate firm now. Either scenario places pressure on the village to live within a stagnant budget but deliver services to residents. The initial budget requests resulted in a general fund deficit of over \$200,000 and much work was necessary to create a balanced budget. In order to completely balance the budget the reserve saving line had to be cut which will need to be restored in the future as the board decides how best to accomplish that adjustment. Obviously, not all business can continue as normal in an environment where property taxes are not increasing - even to cover the rate of inflation. With that said, the Mayor and the Board of Trustees would like to thank the Village staff for their participation in this year's process, their continued acknowledgement of the budget challenges we face and their continued efforts to conserve resources where possible and adjust to necessary changes.

Sincerely,

Earl F. Johnson
Village Treasurer