



Village of Wellsville

Office of the Treasurer

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April 6, 2015

To: Residents of the Village of Wellsville

From: Mayor of Wellsville
Members of the Board of Trustees

Re: 2015 – 2016 Tentative Budget Public Presentation

As a reminder, the Mayor and 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 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 that become the municipal budget, I am presenting the 2015-2016 Tentative Budget Public Presentation.

In summary, each of our five funds are balanced without the need for additional appropriation from the unassigned fund balances with the exception that we expect to use \$50,000 from the General Fund to leverage the Gateway Enhancement Grant (provide the required match) we received in the amount of \$278,794 which will be tracked as a Special Project. It is also not expected that we will be able to add to our unassigned fund balances at year-end. As usual, for some needs, we are using reserves to offset planned equipment purchases and capital projects.

New York State added a program this year to the Tax Cap which they are calling a Tax Freeze. Because the village is staying within the tax cap and only increasing property tax revenue by 1.68% and participating in the Tax Freeze Program as highly encouraged, taxpayers will receive a credit in the fall of 2015 for County, Town & Village taxes. The rules of this program can be complicated and taxpayers can find additional information at the following Governor's web site:

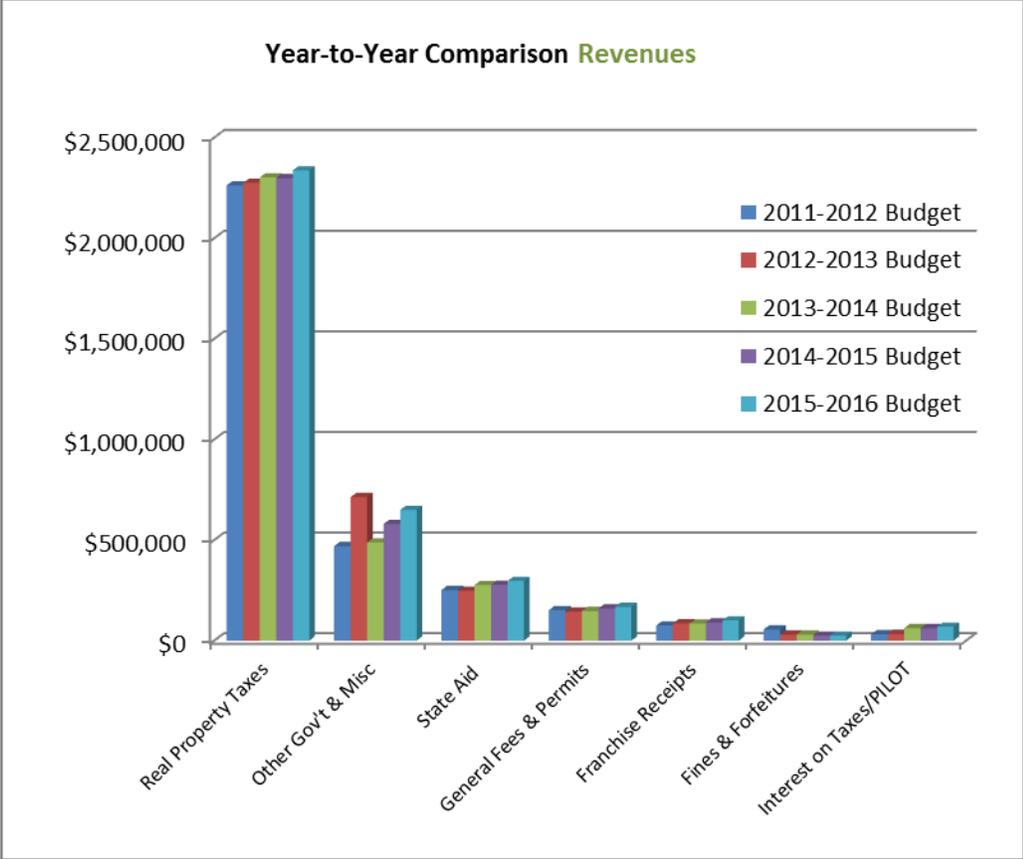
http://www.tax.ny.gov/pdf/publications/orpts/rp5301fs_prop_tax_facts.pdf

In addition there was a re-assessment this year. The result of all of these changes is that the tax rate decreased to \$17.44. The tax levy is budgeted at \$2,336,606 on a taxable assessed value of \$133,963,838.

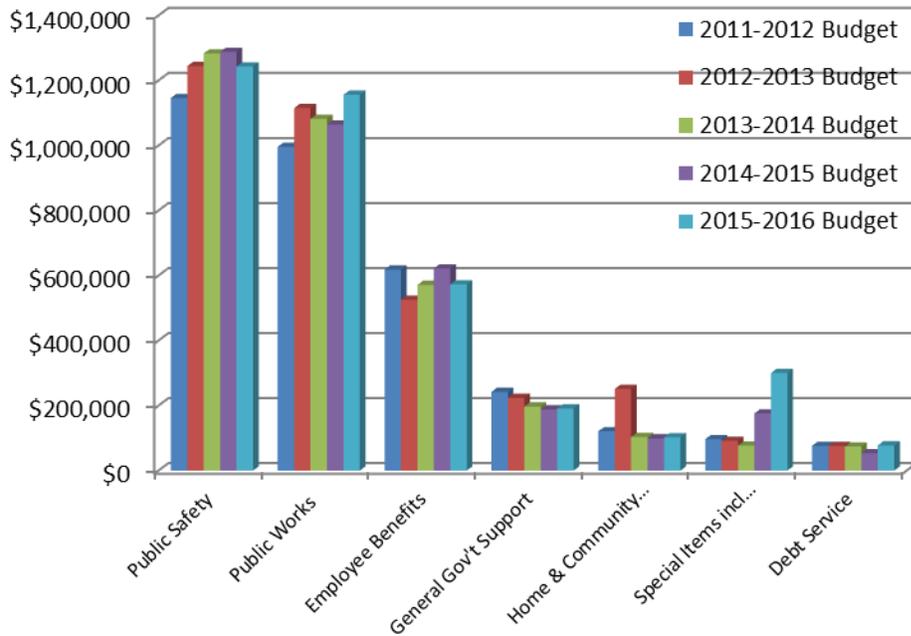
We are disclosing some statistics regarding tax exempt properties: The total assessed valuation that is exempt from village taxation is \$52,156,892 of the assessed total of \$186,120,730, leaving the \$133,963,838 taxable valuation. This tax exempt value represents 28% of the total valuation.

The total General Fund revenues are estimated at \$3,642,000. This year we expect to use more reserves to purchase more equipment than last year and do some needed repair to the Village municipal building so the overall budget is higher than last year. Total General Fund expenditures are likewise projected to be \$3,642,000. Expenditures in most categories are similar to what was budgeted for 2014-2015. Normal revenues are really projected at \$3,433,000 with \$209,000 coming from reserve funds to cover equipment and special project costs for the year.

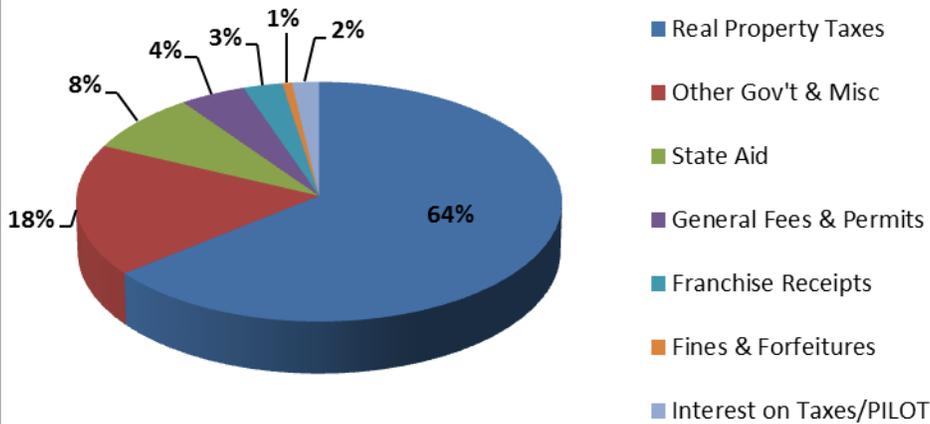
The following charts provide some comparison budget data for the General Fund:



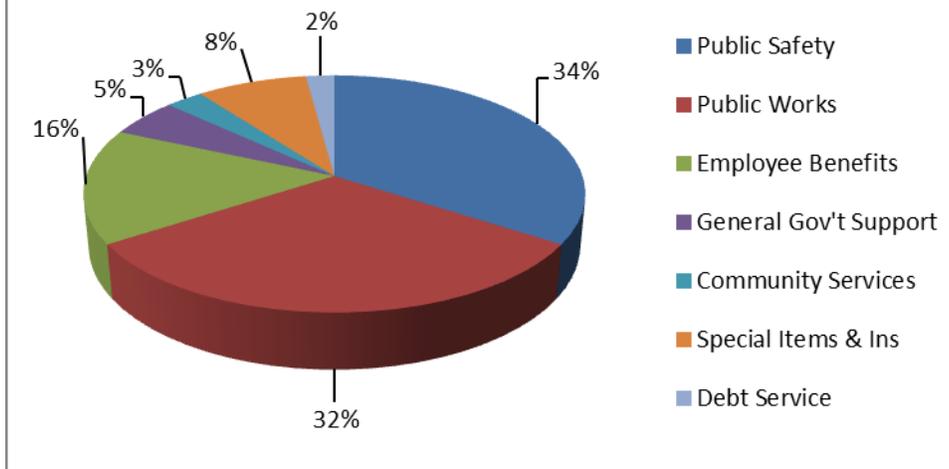
Year-to-Year Comparison Expenditures



2015-2016 Budget Revenues



2015-2016 Budget Expenditures



The total Water Fund revenues are estimated at \$1,066,000, which is about \$60,000 lower than estimated in 2014-2015; Sewer revenues are projected to be \$861,000, which is almost identical to last year and the Refuse Fund revenues are slated to be \$300,000 which is about \$2,500 more than last year. The Water Fund estimates are lower because replacing meters did not yield additional revenue as expected. For this year we are proposing a 4% rate increase to balance the fund. Total Refuse accounts are a little lower this year so we are proposing a \$.50 increase this year to balance that fund.

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 Mayor and Board of Trustees would like to thank the Village staff for their participation in this year's process, their acknowledgement of the budget challenges we face and their continued efforts to conserve resources where possible and adjust to budget restrictions.

Sincerely,

Earl F. Johnson
Village Treasurer