



Village of Wellsville

Office of the Treasurer

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April 9, 2018

To: Residents of the Village of Wellsville

From: Mayor of Wellsville
Members of the Board of Trustees

Re: 2018 – 2019 Tentative Budget Public Presentation

This is the second budget presentation under Mayor Shayler's tenure. The Deputy Mayor remains as Trustee Ketchner and Trustees Cole & Fahs continue to serve. Newly elected Trustee Monroe replaces Trustee Herman who was thanked for his service. It is the board's duty to 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 provides those services. As part of this process, the Mayor and Board of Trustees establish the tax levy and make arrangements for that levy to be collected.

The board continues its determination to look at the budget critically and reduce the tax rate. **This commitment is reflected in the tentative budget with the new tax rate being \$.10 lower than last year. The new rate will be \$17.40. The challenge is especially difficult because the taxable assessment continues to decrease. This lower tax rate represents a 1.5% reduction in property tax revenues collected by the village. The taxable assessment decreased close to 1% with the new total of \$130,451,259 which is over \$1 million lower than last year's taxable assessment.**

This 2018-2019 Tentative Budget Public Presentation has been prepared in conjunction with the Finance Committee and approved by the board. Village management has assisted in preparing the estimates that become the municipal budget.

As usual, each of our five funds are balanced without the need for additional appropriation from the unassigned fund balances. This year we expect to use \$75,000 from General Fund Reserves to complete the delayed Gateway Enhancement Grant (providing the required match) received in the increased amount of \$359,400 which is being 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 purchases and capital projects per the annually updated Capital Plan.

New York State has in place both a Tax Cap and a Tax Freeze which we continue to participate in through Allegany County. Because the village is staying within the tax cap and participating in the Tax Freeze Program taxpayers will continue to receive a credit, this one due in the fall of 2018, for County, Town & Village taxes. The rules of this program can be complicated and taxpayers can find additional information at the following Governor's website:

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

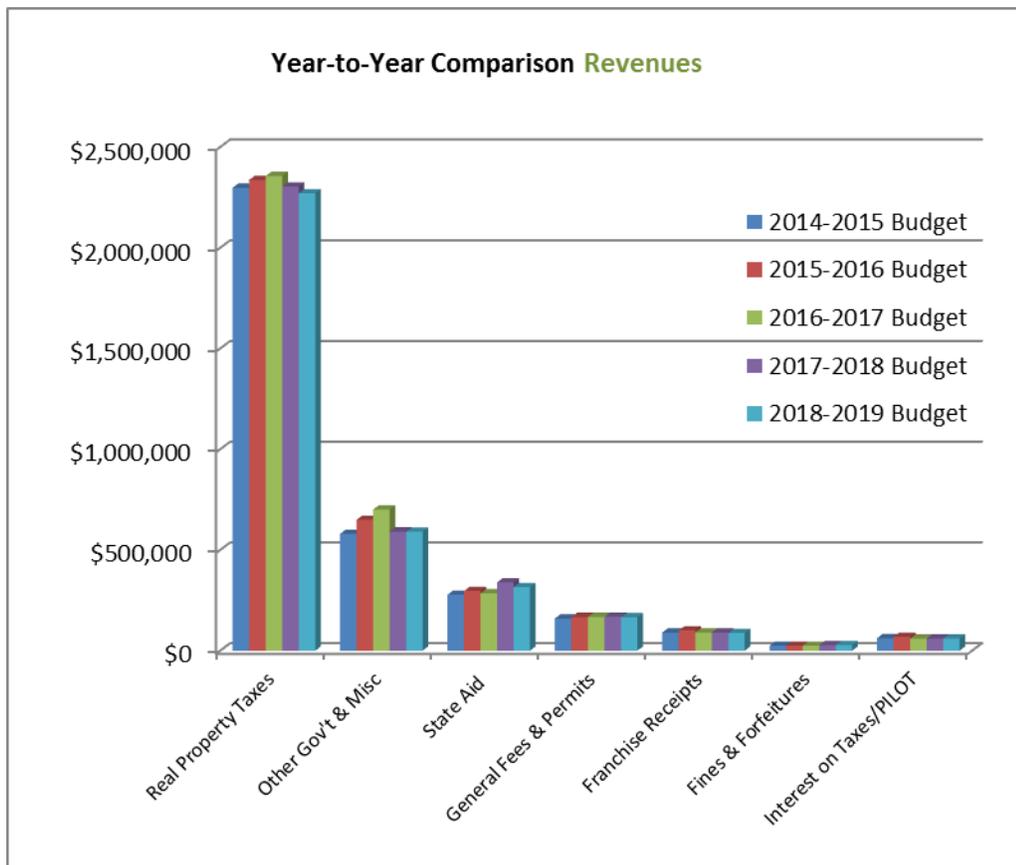
The taxable assessed value dropped this year from \$131,628,339 to \$130,451,259. The budgeted property tax levy for 2018-19 has been set at \$2,269,852, which is \$33,644 lower than last year's tax levy of \$2,303,496 meaning taxes have been cut by 1.5%. This tax levy is essentially the same as back in 2011-12 when the levy was \$2,262,512.

The Village tax cap for 2018-19 is 2.00% and the adjusted allowable tax levy limit is \$2,386,094 meaning the proposed \$17.40 tax rate is \$.89 under the rate allowed by law of \$18.29. **In other words, the Village tax rate is 5% lower than allowed under the tax cap, or \$116,242 lower than property tax revenue the Village was authorized to collect this year.**

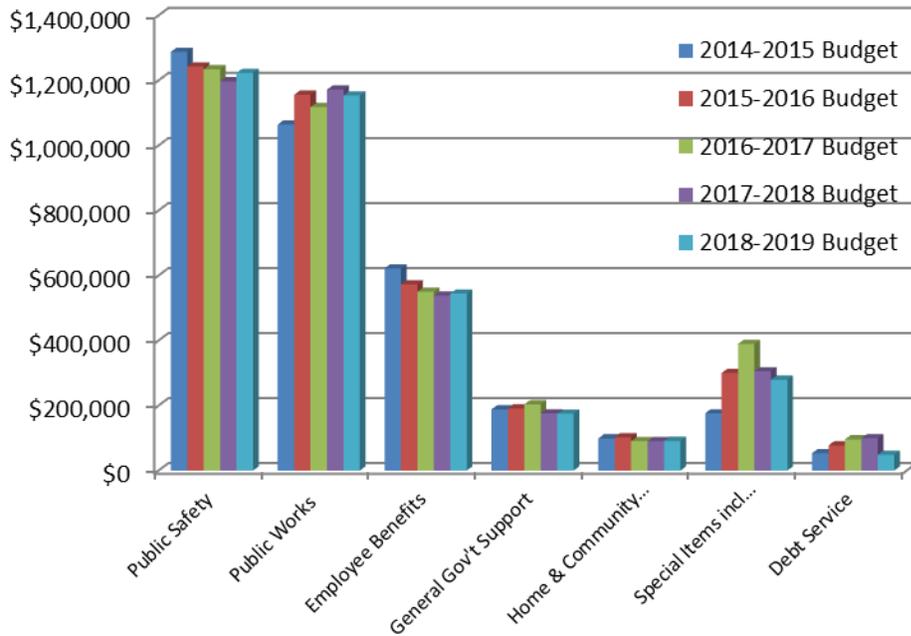
We annually provide some information regarding tax exempt properties: The total assessed valuation that is exempt from Village taxation is \$52,545,668 of the assessed total of \$182,996,927, leaving the \$130,451,259 taxable valuation. While the tax exempt total remained similar, the percentage increased slightly to 28.7% of the total Village valuation as the overall assessment dropped over \$1million.

The total General Fund revenues are estimated at \$3,514,686. This year we expect to use less money from reserves to purchase equipment and fund projects than last year; the overall budget is roughly \$60,000 lower than last year. Total General Fund expenditures are likewise projected to be \$3,514,686. Expenditures in most categories are similar to what was budgeted for 2017-2018 as we continue to control costs overall. Normal revenues are projected at \$3,339,686 with \$175,000 coming from reserve funds to cover equipment and special project costs for the year.

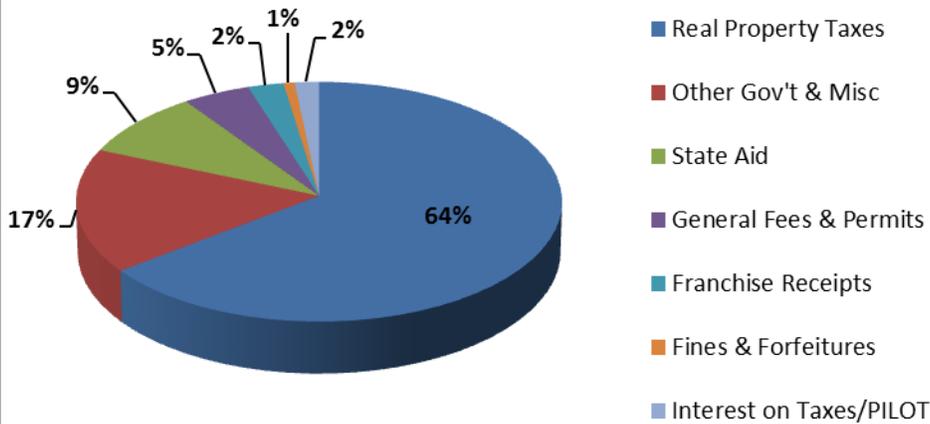
The following charts provide some comparison budget data for the General Fund:



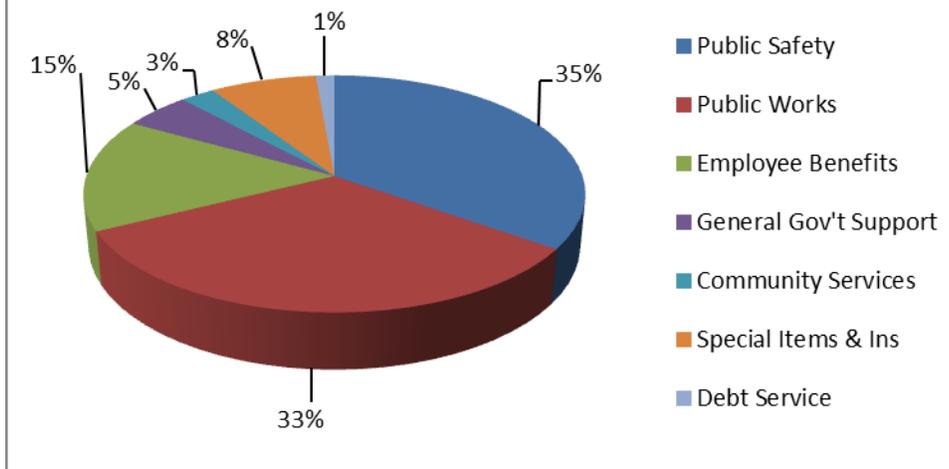
Year-to-Year Comparison Expenditures



2018-2019 Budget Revenues



2018-2019 Budget Expenditures



The total Water Fund revenues are estimated to be slightly higher than as last year at \$1,143,000. The Water Fund Fees are expected to remain unchanged. Sewer revenues are projected to be \$850,000, which is about \$15,000 higher than last year. The fee structure will be increased 5% in order to keep the Sewer Fund in balance and to prepare for the coming capital project. Refuse Fund revenues are slated to be \$325,000 and the fees are expected to remain unchanged.

We have updated our long-term capital planning as part of the budget process as usual. Even though not yet required by NYS law, we believe long-term capital planning is very important to our budgeting process and 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 in the future 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 successful efforts to reduce the property tax rate for the Village of Wellsville residents for 2018-19!

Sincerely,

Earl F. Johnson
Village Treasurer