



Village of Wellsville

Office of the Treasurer

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March 26, 2012

To: Residents of the Village of Wellsville

From: Mayor of Wellsville
Members of the Board of Trustees

Re: 2012 - 2013 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 at the Village who help prepare the estimates and plans that become the municipal budget, I am presenting herein the 2012-2013 Tentative Budget Public Presentation.

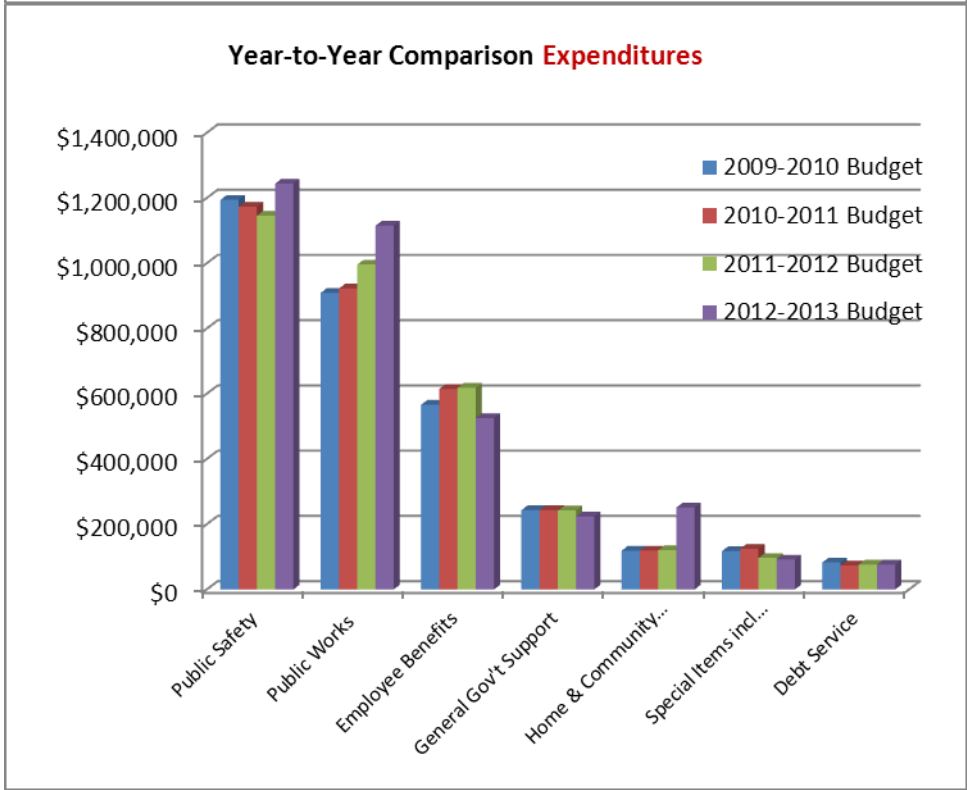
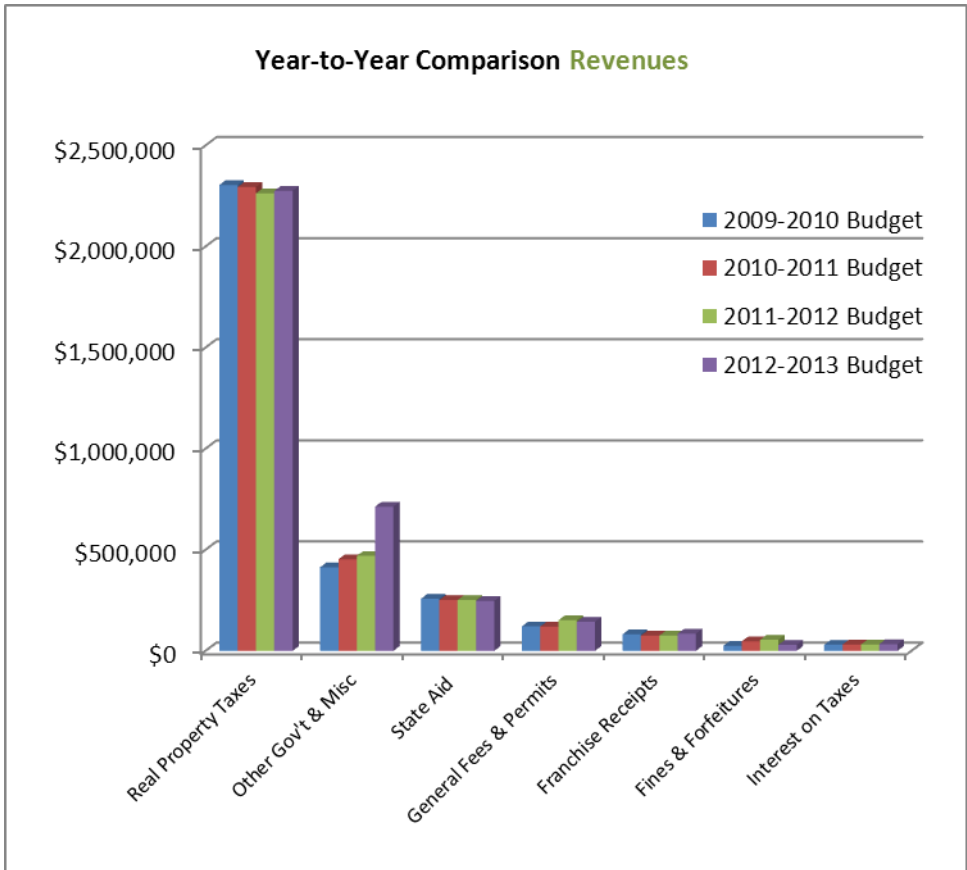
In summary, each of our five funds are balanced without the need for additional appropriation from the unassigned fund balances. It is also not expected that we will be able to add to our unassigned fund balances at year-end. The tax levy is budgeted at \$2,274,816, which is \$12,304 more than last year, or only .054% higher (and \$60,674 under the \$2,335,490 village tax levy allowed by the NYS Tax Cap Law). The assessed value decreased \$739,376 to \$112,726,273 so the tax rate will be 1.20% higher at \$20.18 versus \$19.94 last year.

We are disclosing some statistics regarding tax exempt properties: The total assessed valuation that is exempt from village taxation is \$73,145,130 of the assessed total of \$181,482,695 (\$193,066,697 Equalized Assessed Value), leaving the \$112,726,273 taxable valuation. This tax exempt value represents 37.89% of the total valuation.

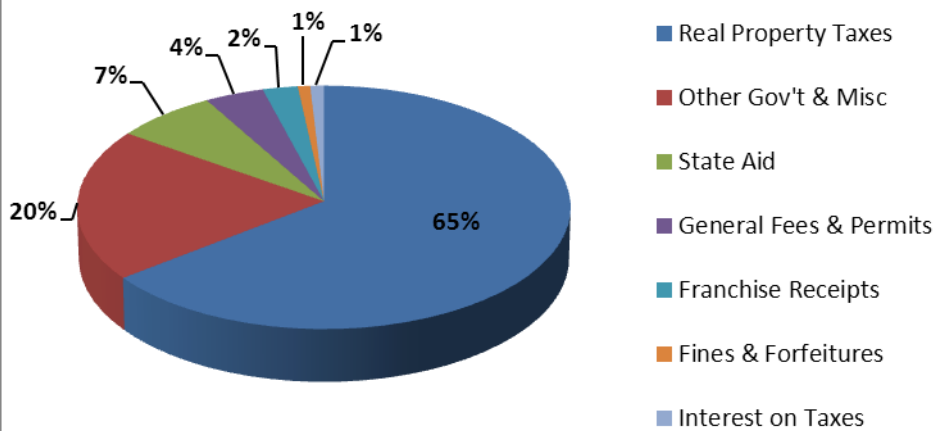
The total General Fund revenues are estimated at \$3,526,703, including \$237,246 in revenues expected from a prior period, leaving a total of \$3,289,457 which is slightly smaller than the size of last year's budget. The prior period revenues will be used to complete the Merriam Heights commitment, complete paving projects postponed by last year's flooding and to purchase a plow truck instead of using reserve funds.

Total General Fund expenditures are likewise projected to be \$3,526,703 with \$237,246 dedicated to the projects listed above. Adjusting for those projects the expenditures by category are similar to what was budgeted for 2011-2012. While some line items may be different due to changes in allocations among funds, the overall expenditures remain similar.

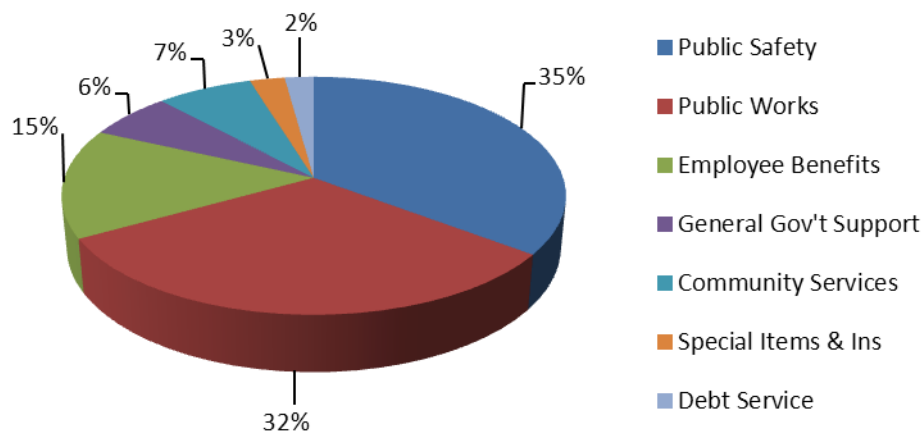
The following charts provide some comparison budget data for the General Fund:



2012-2013 Budget Revenues



2012-2013 Budget Expenditures



The total Water Fund revenues are estimated at \$1,083,000, which is almost \$15,000 higher than estimated in 2011-2012, Sewer revenues are projected to be \$765,000, also slightly higher than last year and the Refuse Fund revenues are slated to be 265,000 which is about \$13,000 more than last year. The only fees planned to increase are the monthly garbage collection fee which is budgeted to increase from \$10.00 to \$11.50, or \$18 per year.

During this year we have implemented more long-term planning into the budget process. These working documents will be updated periodically and help identify when major capital needs will be required. One of the many impacts of the new 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. One result of this process is that the identified need of purchasing a new street sweeper, in light of all the other capital needs coming up under the General Fund, was able to be postponed by purchasing a used street sweeper from the federal government.

Instead of pointing out how challenging each year's budget process is, perhaps we should let you know when it doesn't present a challenge! Of course, in light of the new tax cap law, increases in the contribution percentage required by the NYS Retirement System, the required wage increases per union contracts and another probable reduction total assessed valuation this year, creating the Tentative Budget was again a challenge. For these reasons we made sure to get an early start on budget preparations and the heads of administrative units submitted their estimates to the Budget Officer in January. The Mayor and the Board of Trustees would like to thank the Village staff for their participation in this year's process, their increasing acknowledgement of the budget challenges we face and their continued efforts to conserve resources where possible.

Sincerely,

Earl F. Johnson
Village Treasurer