

SUPERVISOR'S BUDGET MESSAGE (with notes for Town Board Changes)

The Tentative 2008 Budget submitted herein contains a detailed analysis of the Town's financial condition and complete estimates of expenditures and revenues for 2008.

CURRENT 2007 TOWN WIDE FUND BALANCE PROJECTIONS

Table 1 presents a detailed analysis of projected revenues and expenditures for the two town-wide funds for 2007, and compares these projections to actual revenues and expenditures for 2006. This table shows that General Fund expenditures are expected to increase by \$29,970 in 2007 over the amount expended in 2006. These increases include Personal Services (\$33,916), Highway Garage improvements (\$33,521) which are included under Centralized Services, Benefits (\$8,050) and Departmental Non-Personal Services (\$4,418). These increases are offset by a decrease in debt service (\$35,785), Programs (\$3,262), Professional Services (\$1,835) and Fund Transfers (\$8,443). Total General Fund expenditures are projected to be \$53,516 above budget, predominantly caused by the Highway Garage improvements and costs incurred for consultant services for the implementation of the Comprehensive Plan.

Actual Non-property tax revenues for 2007 are expected to exceed the amount received in 2006 and the amount budgeted for 2007. Justice Court revenues will exceed 2006 receipts and the budgeted amount for 2007. Mortgage Tax revenues will exceed the amount budgeted but are anticipated to be significantly less than the 2006 levels, as rising interest rates are expected to impact these totals. Fee revenue will increase in 2007, because of the increase in building permit fees adopted in late 2006. The Serta Mattress payment in lieu of taxes (PILOT) payment which was initiated in 2007 will increase other revenues above the 2006 level. State aid will decrease in 2007, because a one time grant of \$25,000 was included in 2006 revenues.

Overall, General Fund revenues are expected to exceed the budget by approximately \$145,000, and this will represent a decrease of \$33,145 below the amount received in 2006.

Overall, the General Fund should realize an estimated surplus of \$16,472 for the year ending December 31, 2007. When this projected surplus is added to the accumulated fund balance as of December 31, 2006, the projected General Fund balance as of December 31, 2007 will be approximately \$367,353, of which \$75,000 will be appropriated to offset 2008 expenditures.

The second set of columns in Table 1 provide spending and revenue estimates for the Highway Fund. Overall expenditures in the Highway Fund for 2007 are projected to exceed the amount expended in 2006 by \$84,924. This includes increases in personal services (\$49,458) caused by an increase in overtime and part time labor, road repairs (\$42,505) and is offset by a reduction in machinery costs. An increase in the transfer to the Capital Reserve Fund for highway equipment (from \$15,000 to \$30,000) in 2007 will also be a part of the overall increase. Revenues are also anticipated to increase by

\$23,044 in 2007 above the amount received in 2006. The main source of this increase is the Serta PILOT payment.

The overall impact of these changes will result in a projected deficit in the Highway Fund of \$6,585 for the year ending December 31, 2007, which compares favorably to a budgeted deficit of \$15,000. If these projections hold, the Highway Fund will close the year with an accumulated surplus of \$68,905, of which \$15,000 will be appropriated to offset 2008 expenditures.

Overall, the Town is projected to realize an operating surplus of \$9,887 for the 2007 budget year. This will increase the projected accumulated fund balance in the Townwide funds up to \$436,258. Of this fund balance, a total of \$90,000 is being appropriated in the 2008 Town Budget.

2008 TOWN BUDGET

Table 2 contains a summary of items that impact the overall spending proposed in the 2008 Tentative Budget. General Fund increases include proposed spending for recurring expenditures such as personal services, benefits, departmental non-personal services, centralized services and programs. The Tentative 2008 Budget includes an increase of \$4,805 for increases in salaries for elected officials. The budget includes additional funding for part time clerical support for the Town Court and for a part time security officer when the Court is in weekly session. This additional staffing for the Justice Court will add \$5,200 to the 2008 Budget. In addition, the amount of \$3,750 has been added for clerical support for the Building Department and Town Clerk's Office. Other salary increases will add \$6,872 to the 2008 General Fund Budget.

The Tentative 2008 General Fund Budget includes an increase of \$16,000 for benefits to reflect health insurance premium increases and health insurance benefits for all full time employees. Other increases include \$200 for departmental non-personal services, \$400 for programs, and \$1,125 for centralized services, which includes a \$1,000 increase for education and training. Overall, the total increase in the 2008 Tentative Budget for the General Fund is \$38,352.

Note: On October 8, 2007, the Town Board established the Preliminary 2008 Budget by amending the Supervisor's Tentative 2008 Budget for the General Fund by making the following changes:

- **Under Centralized Services, the budget line for the Registrar was increased from \$400 to \$850, an increase of \$450.**
- **Under Benefits, the budget line for Health Insurance was decreased from \$66,400 to \$63,250, a decrease of \$3,150. This reflects a decision by the Town Board to change the Supervisor's proposal regarding the extension of health insurance benefits to all full time employees to eliminate any future buyout payments to full time employees who decline health insurance benefits.**

These changes will reduce the total increase in the 2008 Preliminary Budget for the General Fund from \$38,352 to \$35,652.

In the Highway Fund, a total of \$40,413 in spending increases are proposed in the Tentative 2008 Budget. The budget includes a proposed increase of \$8,500 in employee personal services. An increase in materials and machinery operation appropriations in the amount of \$26,000 is being proposed to meet the ongoing need to properly maintain town roads. There will be a slight decrease in debt service, and an increase of \$6,500 in benefit costs to reflect health insurance premium increases and health insurance benefits.

Note: On October 8, 2007, the Town Board established the Preliminary 2008 Budget by amending the Supervisor's Tentative 2008 Budget for the General Fund by making the following changes:

- **Under Benefits, the budget line for Health Insurance was decreased from \$61,000 to \$57,850, a decrease of \$3,150. This reflects a decision by the Town Board to change the Supervisor's proposal regarding the extension of health insurance benefits to all full time employees to eliminate any future buyout payments to full time employees who decline health insurance benefits.**

This change will reduce the total increase in the 2008 Preliminary Budget for the General Fund from \$40,413 to \$37,263.

The combined townwide increase in budgeted expenditures for the General and Highway Fund is \$78,765. These increases will be offset by a net increase in appropriated revenues of \$48,918.. These include increases in revenue appropriations for Justice Court fines (\$10,000), anticipated revenues from the collection of unpaid fines pursuant to Local Law 3 of 2006 (\$15,000), the transfer of interest earnings from bond funds for payment of debt service principal (\$13,000), increased state aid (\$4,300), increased interest earnings (\$4,000) and other revenue increases (\$2,618).

After applying the net increase in overall revenues (\$48,918) to the net increase in overall expenditures (\$78,765), the amount required to be levied in property taxes is proposed to be increased by \$29,847, which when coupled with year to year tax base growth, will result in a townwide funds tax rate increase of 1.99%.

Note: With the changes made by the Town Board to establish the 2008 Preliminary Budget, the combined townwide increase in budgeted expenditures for the General and Highway Fund will be \$72,915. After applying the net increase in overall revenues (\$48,918) to the net increase in overall expenditures (\$72,915), the amount required to be levied in property taxes in the Preliminary 2008 Budget will be proposed to increase by a total of \$23,997 (this being \$5,850 less than the Tentative 2008 Budget), which when coupled with year to year tax base growth, will result in a townwide funds tax rate increase of 1.39%.

GENERAL FUND BUDGET

Table 3 contains a detailed presentation of the proposed expenditures and revenues for the General Fund contained in the 2008 Tentative Budget. The expenditures are grouped

to combine items within specific categories of Personal Service, Benefits, Departmental Non-Personal Service, Professional Services, Centralized Services, and Programs. The line item budget required by law, which is not categorized in this format, can be found at the end of this submitted Tentative 2008 Budget.

The 2008 General Fund Budget includes an overall increase of \$4,805 for salaries for elected officials. The Supervisor's salary is proposed to be increased from \$8,500 to \$8,750, a change of \$250. Town Board salaries are proposed to be increased by \$120, from \$3,900 to \$4,020. Salary increases are also proposed for the Town Justices (an increase of \$300 from \$10,100 to \$10,400), Tax Collector (an increase of \$200 from \$6,100 to \$6,300). A salary increase of \$2,000 is also proposed for the Town Highway Superintendent, from \$46,500 to \$48,500, and an increase of \$1,275 is proposed for the Town Clerk, from \$25,125 to \$26,400. An increase in the Town Clerk's annual stipend as Registrar of Vital Statistics to \$400 is also proposed to be consistent with the amount paid by other municipalities.

Note: The Town Board, in establishing the 2008 Preliminary Budget, made a change in the Tentative 2008 Budget by raising the amount of the annual stipend for the Town Clerk as Registrar of Vital Statistics up to \$850, which is \$450 higher than what was proposed in the Tentative 2008 Budget.

The 2008 General Fund Budget includes an overall increase of \$15,822 for employee personal service for appointed positions. This includes \$5,200 for the Justice Court to provide for part time clerical and security support. The budget also includes funding for additional clerical support for the Building Department and Town Clerk's Office. Budget increases are also provided for increases to be paid for the Summer Parks Program Director and Assistant Director and Park Program Counselors, and cost of living salary increases are also provided for salaried and hourly employees.

The 2008 General Fund Budget includes an increase in benefits costs to reflect higher social security costs and health insurance premiums. The General Fund budget includes health insurance benefits for the Town Clerk, full time Justice Clerks, Highway Superintendent and retirees. State Retirement contributions are expected to stabilize.

Note: The Town Board, in establishing the 2008 Preliminary Budget, made a change in the Tentative 2008 Budget by reducing the amount to be appropriated for Health Insurance by \$3,150. This reflects a decision by the Town Board to change the Supervisor's proposal regarding the extension of health insurance benefits to all full time employees to eliminate any future buyout payments to full time employees who decline health insurance benefits.

Other increases in the 2008 General Fund Budget include \$1,000 for Justice Court non-personal services, \$1,000 for education, \$300 for the Town's bookkeeping contract, \$300 for summer parks program expenses and \$100 for the annual Ag Fest. Some decreases are proposed in certain non-personal service appropriations to reflect a decrease in annual spending patterns.

The 2008 General Fund Budget includes revenue increases for Justice Court fines (\$10,000), collection of unpaid fines (\$15,000), interest earnings (\$3,000), franchise fees (\$1,800), property tax penalties (\$1,000), planning fees (\$200), and state aid (\$450).

HIGHWAY FUND BUDGET

Table 4 contains a detailed presentation of the proposed expenditures and revenues for the Highway Fund contained in the 2008 Tentative Budget. The expenditures are grouped to combine items within specific categories of Personal Service, Highway Improvements and Repairs, Machinery, Snow Removal/Other Road Maintenance, Benefits, Debt Service, and Fund Transfers. The line item budget required by law, which is not categorized in this format, can be found at the end of this submitted 2008 Tentative Budget.

Note: The Town Board, in establishing the 2008 Preliminary Budget, made a change in the Tentative 2008 Budget by reducing the amount to be appropriated for Health Insurance by \$3,150. This reflects a decision by the Town Board to change the Supervisor's proposal regarding the extension of health insurance benefits to all full time employees to eliminate any future buyout payments to full time employees who decline health insurance benefits.

The 2008 Highway Fund budget includes a \$8,500 increase in personal service, reflecting a proposed cost of living increase for Highway Department employees. An increase in materials and machinery operation appropriations in the amount of \$26,000 is being proposed to allow the Highway Department to keep up their ability to properly maintain town roads. These include increases of \$23,000 for highway improvements and \$3,000 for machinery operation.

The Tentative 2008 Budget for the Highway Fund also includes an increase of \$6,500 for benefits, which includes an increase of \$9,200 in health insurance premiums to reflect premium increases and provision of health insurance benefits to all full time employees. Other increases include \$1,000 for uniforms, \$600 for social security and \$400 for Workers Compensation. These increases are offset by a decrease of \$4,700 for state retirement contributions.

The Tentative 2008 Budget for the Highway Fund includes a slight decrease of \$587 in debt service expenses and continues to provide for a \$15,000 transfer to the Capital Reserve Fund for Highway Equipment to allow for funding for future equipment purchases. In order to accelerate the growth of this Capital Reserve Fund to allow for equipment purchases in 2008, an additional \$15,000 will be transferred to this Capital Reserve Fund (for a total of \$30,000 transferred) in 2007, provided that no extraordinary expenses are incurred through the end of 2007.

The Tentative 2008 Budget includes increases in budgeted Highway Fund revenues for a transfer of \$13,000 in interest earnings from the Road Reconstruction Bond Fund and

unused funds from the 2005 Tractor Bond that can only be used for principal debt service payments. Other budgeted revenue increases include \$3,900 in the Consolidated Highway Improvement Program (CHIPS), and \$1,000 in additional Interest Earnings.

SPECIAL DISTRICTS

Sewer District

Table 5 contains a presentation of the Sewer District Budgets for 2008, which includes Sewer District #1 (Hamlet), and Sewer District #2 (Kalkberg Commerce Park). The 2008 Tentative Budget for the Sewer District #1 includes a significant increase of \$11,916 in overall spending. The current age of the Wastewater Treatment Plant necessitates an increase in the amount being invested in new equipment, upkeep, replacement and reserves for future needs. The 2008 budgeted increases include \$4,000 for equipment replacement, an increase of \$5,000 (from \$5,000 to \$10,000) in the amount being transferred to the Repair Reserve Fund, \$3,500 for operating expenses to reflect increased electrical costs, and \$1,000 for cost of living increases for staff. There is a budgeted reduction of \$1,620 in debt service costs to offset these increases. Based on revenue estimates, it is anticipated that the 2008 Sewer Use Fee will increase by approximately 10%. For the average homeowner, this will equate to an increase of approximately \$53.

The Sewer District #2 (Kalkberg Commerce Park) budget includes anticipated user fees and a modest property tax levy for administration, which will be charged back to the existing tenants, which is currently Serta Mattress only.

Lighting District #1

Table 6 includes a presentation of the budget for Lighting District #1, which is in the hamlet of New Baltimore.. The 2008 Tentative Budget includes an increase in anticipated electricity costs, which will result in an anticipated tax increase of 5.43% over the amount levied in 2007.

Lighting District #2

Lighting District #2 was created in 2007 and includes Kalkberg Commerce Park. For 2008, expenses (including those incurred in 2007) are budgeted at \$3,000. This amount will be levied as a property tax to the property owners in Kalkberg Commerce Park, which currently is Serta Mattress.

Water District 1

Table 6 includes a presentation of the budget for Water District 1. The 2008 Tentative Budget includes no change in the amount budgeted or in the tax levy.

Water District 2

Table 6 includes a presentation of the Tentative 2008 Budget for Water District 2. The 2008 Budget includes no property tax levy.

Water District 3

Water District 3 includes Kalkberg Commerce Park. All anticipated expenses will be charged back to the existing tenants, which is currently Serta Mattress only.

Ambulance District 1

The Tentative 2008 Budget includes a slight increase for Basic Life Support (from \$17,200 to \$17,360) to be provided under contract by the Ravena Rescue Squad. There will be a sizeable decrease in New Baltimore's share of paramedic funding, reflecting a subsidy paid by the Greene County Legislature directly to Greene County Emergency Medical Systems, the provider of paramedic services. As 2007 property taxes were already significantly reduced to reflect the County subsidy, the anticipated 2008 tax rate should be approximately equal to the 2007 tax rate for Ambulance District #1.

Ambulance District 2

As discussed above for Ambulance District 1, the annual cost reduction in paramedic services has already been factored into the 2007 tax rate. The proposed 2008 property tax levy will be approximately the same as for 2007. Basic ambulance service is now being provided to Ambulance District 2 by the Town of Coxsackie. Future billing rates are still being negotiated. To the extent that they exceed budget, there is a sufficient fund balance to cover any unanticipated increases.

2008 TAX LEVY

Table 7 shows the 2008 levy resulting from the Tentative 2008 budget, and compares these levies to the 2007 amount. Table 7 lists the tax levies attributable to county chargebacks for community colleges and other items separately. It should be noted that the tax levy for county chargebacks that consist primarily of charges for New Baltimore residents who attend community colleges other than Columbia-Greene will increase substantially, going from \$39,789 to \$74,698, an increase of 85.71%.

As indicated previously on Table 2, the overall increase in the tax levy for the combined total of the General and Highway Funds (these are the two town-wide funds) will be \$29,847, which when combined with the increase in tax base from new construction, will result in a tax rate increase of 1.99%. For a home assessed at \$100,000, this increase

would equate to approximately \$10 for 2008. **(Note: With the overall changes made by the Town Board to the Tentative Budget, the overall increase in the tax levy for the combined total of the General and Highway Funds will be \$23,997, which will result in a tax rate increase of 1.39%. For a home assessed at \$100,000, this increase would equate to less than \$7.)** There will be an additional tax increase of \$17 (for a home assessed at \$100,000) resulting from significantly higher county chargebacks being applied to the 2008 tax levy. Table 7 lists the other tax levy impacts for the Special Districts.

FUND BALANCES

As required by law, Table 8 includes a listing of all projected fund balances as of December 31, 2007, along with projected revenues and expenditures for 2007.