

Welcome!

Town of Lansing Budget Forum 2014 Preliminary Budget

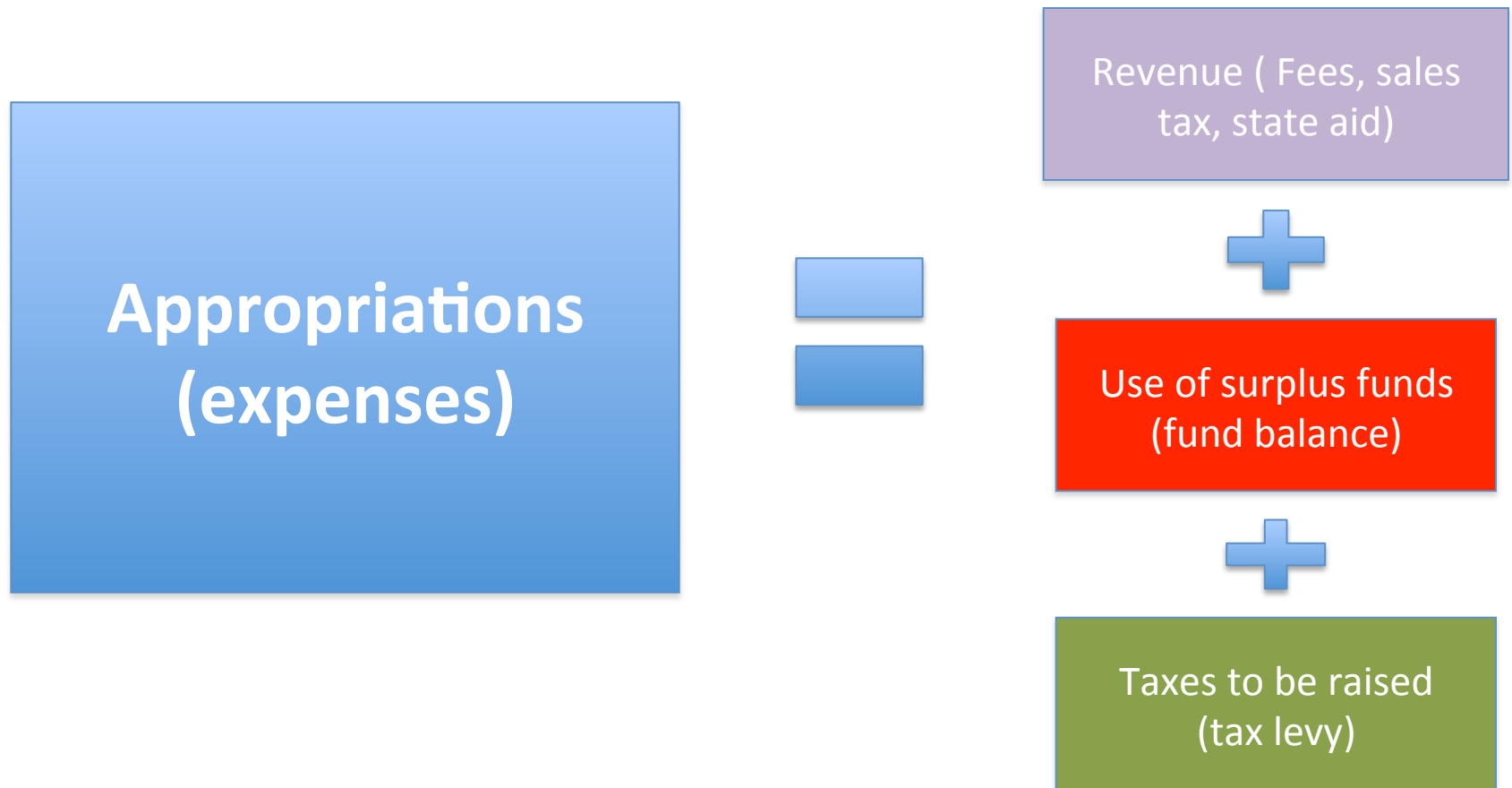
Agenda

- Review agenda and introduce Board members
- Overview- 15 minutes
 1. Budget components
 2. Budget influences
 3. Budget goals
 4. 2014 proposed Tax Levy, tax rate and use of surplus
- Q&A using questions on cards
- Comments - limit 2 minutes - or save for Public Hearing

Major goals

- To minimize taxes and to stay below tax cap
- To stabilize the budget, tax levy and tax rate and avoid drastic changes in tax levy and tax rates.
- To maintain fund balance (surplus fund) at no less than 25% of operating budget or 3 months, per NYS Comptroller recommendation
- To establish multi year budget planning in support of the stabilization goal
- To reduce heavy reliance on surplus funds to cover operating budget
- To allocate some of surplus to capital reserves for capital assets and to set policy governing the size and use of the reserves. (Highway equipment, Roads, Parks and recreation equipment, Technology, Buildings)

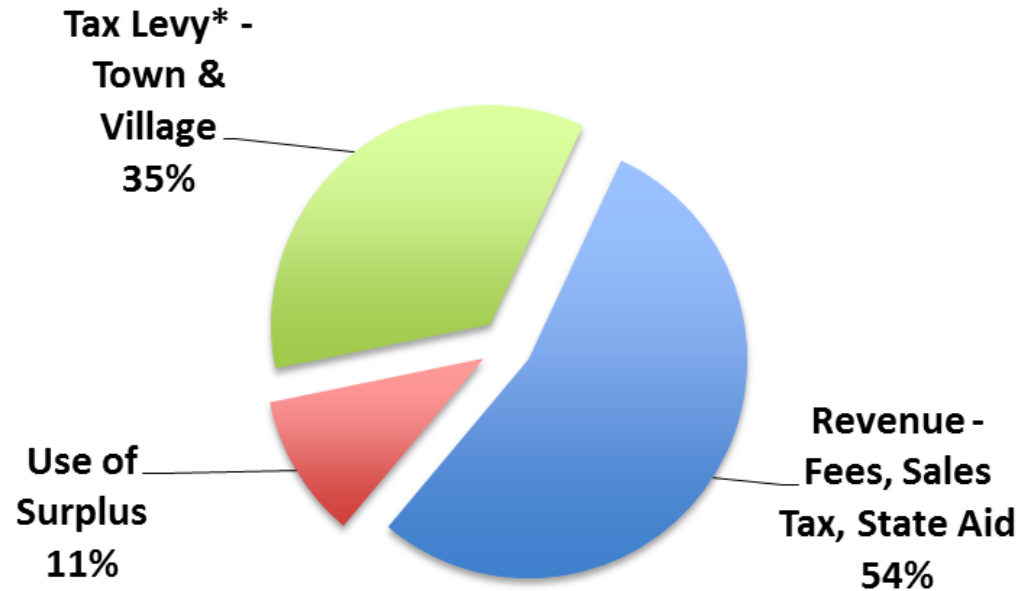
Budget Components for Town and special districts



Town Budget 2014 - Revenue

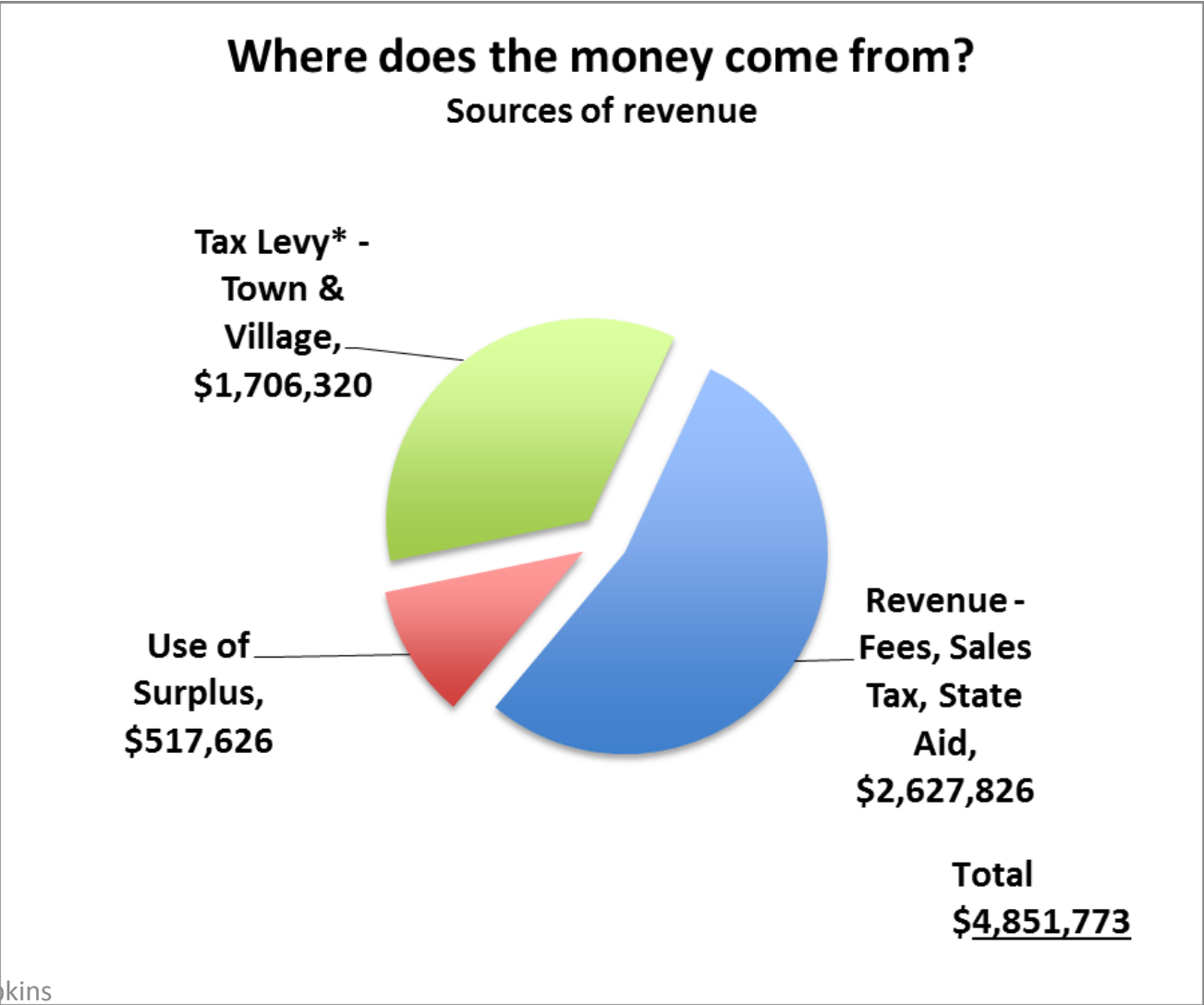
Where does the money come from?

Sources of revenue

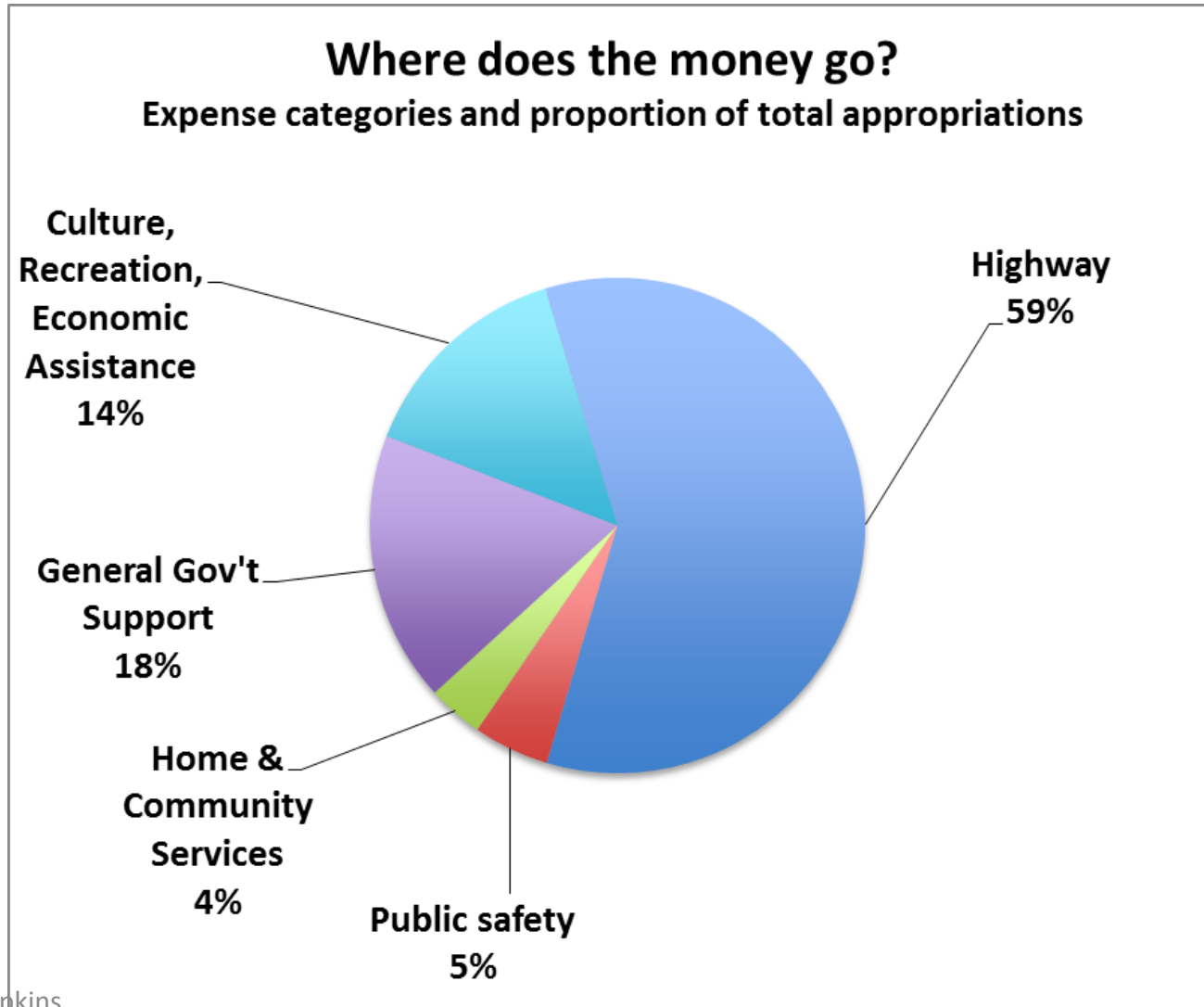


*This portion is charged to all properties (the tax base) as a tax rate/\$1000 of each property assessment)

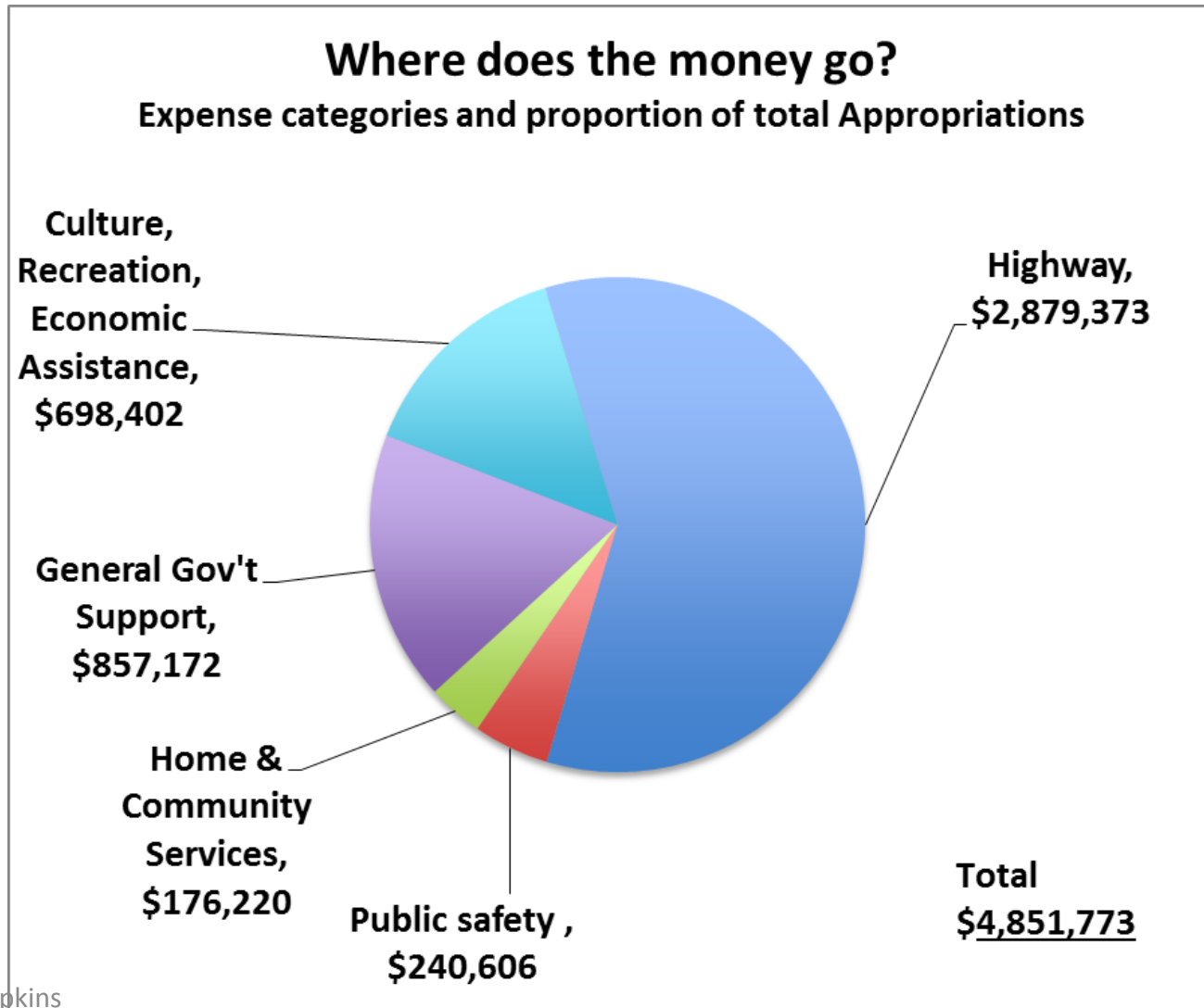
Town Budget 2014 - Revenue



Town Budget 2014 - Expense



Town Budget 2014 - Expense



Expenditure influences

- Union contracts at @ 2%
- Health Insurance up 8%
- Utility costs up 4-5%
- Hwy materials (ex. gas, asphalt) up 5-20%
- Office supplies up 3-5%

- One time capital expense of 300k for culvert repair – points out need to have capital reserve for roads and culverts

Revenue influences

- Sales tax increase projected at 1.5%-2%
- Continued increasing use of surplus fund balance required to cover operating costs, currently at \$517,626.

Major factors influencing 2014 tax rate

- Lower tax base against which to charge tax levy
 - Tax base (total assessments) has decreased \$2.5M

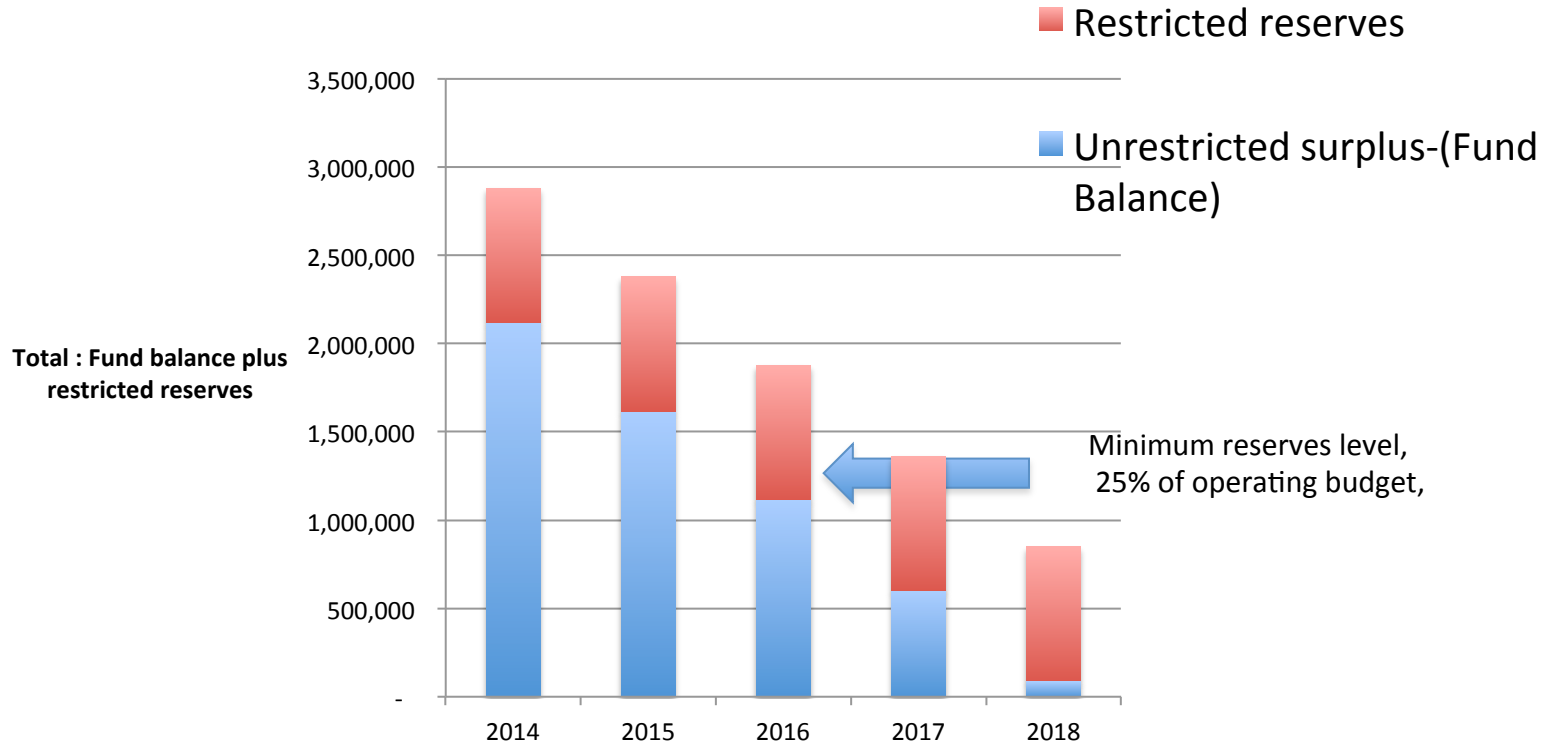
\$10 million reduction in Mall assessment

\$14 million reduction in Cayuga Operating

Other growth normal @\$21 million. 1.6%

Projection: Unsustainable ongoing use of surplus to cover recurring expenses.

If future levy increases are 2% per year then unrestricted fund balance sinks below 25% of appropriations in 2016



Historical notes

1. 2009 tax levy exceeded the need to cover expenses.

Reason: Town did not decrease tax rate when county reassessment went from 85% to 100% market value resulting in 18% increase in Tax base.

Result: Town accumulated a surplus. (see slide #14)

2. 2011-2012 Lansing Town Board dropped the tax rate in effort to give the excess surplus back to taxpayers.

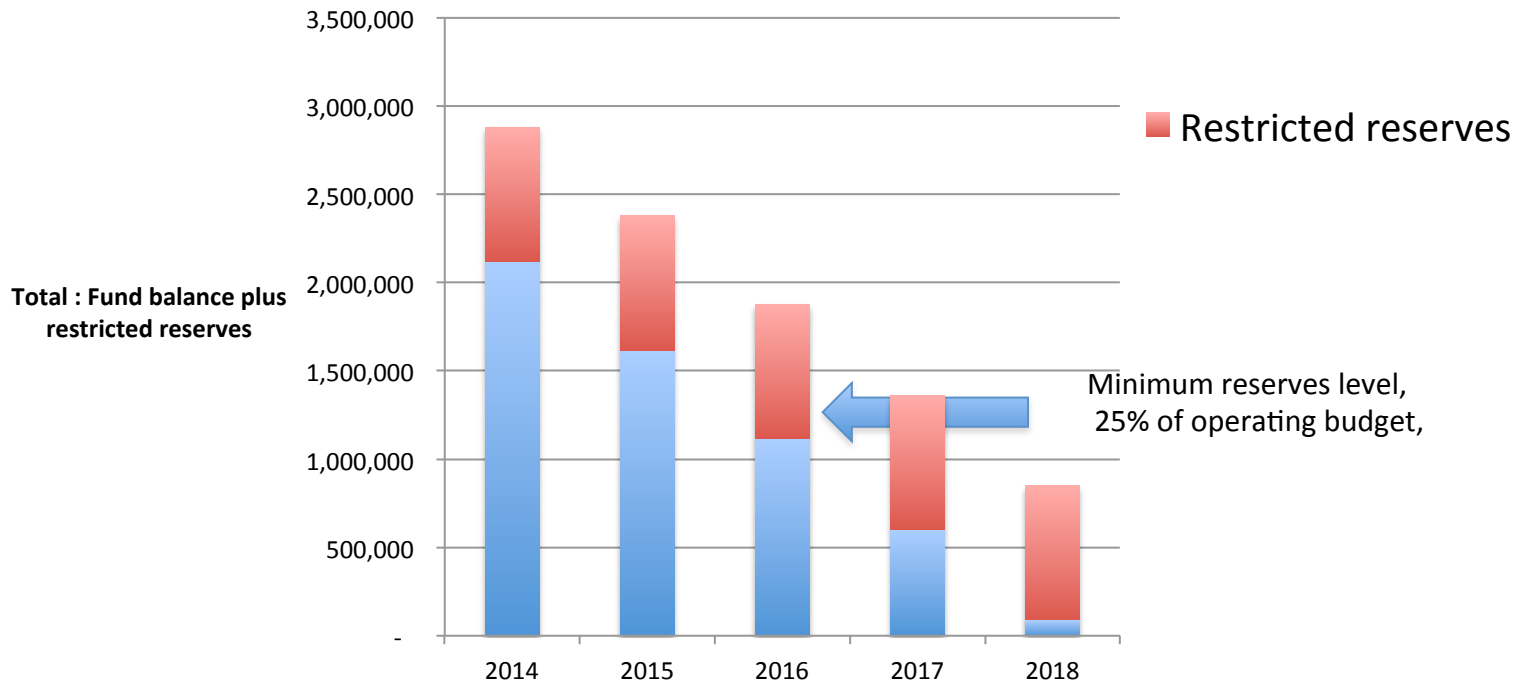
No plans made to put tax rate back to sustainable level once excess surplus was returned.

Historical notes cont'd

3. Inconsistent budgeting and lack of long term planning for on-going capital needs such as highway and parks equipment, technology replacement

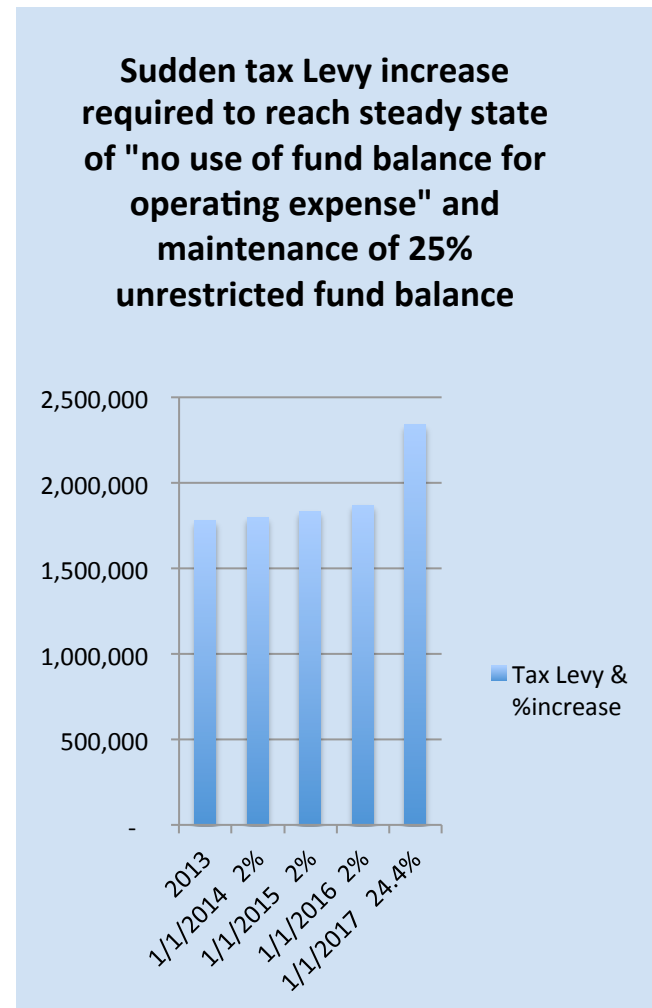
Result: Unsustainable ongoing use of surplus to cover recurring expenses.

If future levy increases are 2% per year then unrestricted fund balance sinks below 25% of appropriations in 2016 when appropriations are \$5.15 million



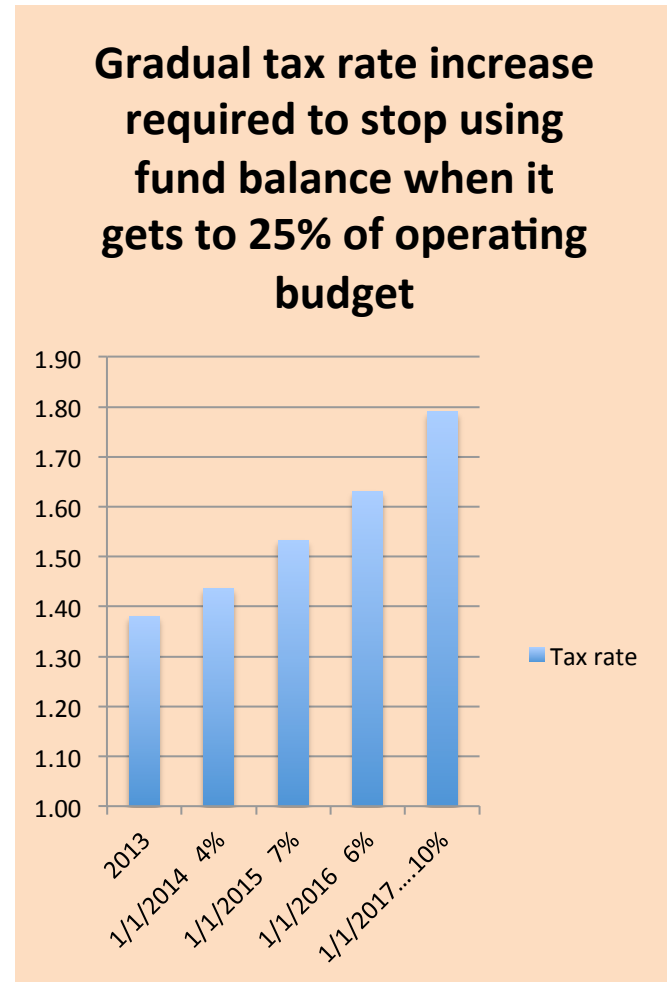
How to reduce use of surplus funds to sustainable levels?

- Choice 1:
Continue 2% increases for 2 years requiring a 24% increase in 2016.



How to reduce use of surplus funds to sustainable levels?

- Choice 2:
Gradually increase tax rate staying beneath tax cap if possible



Recommendations

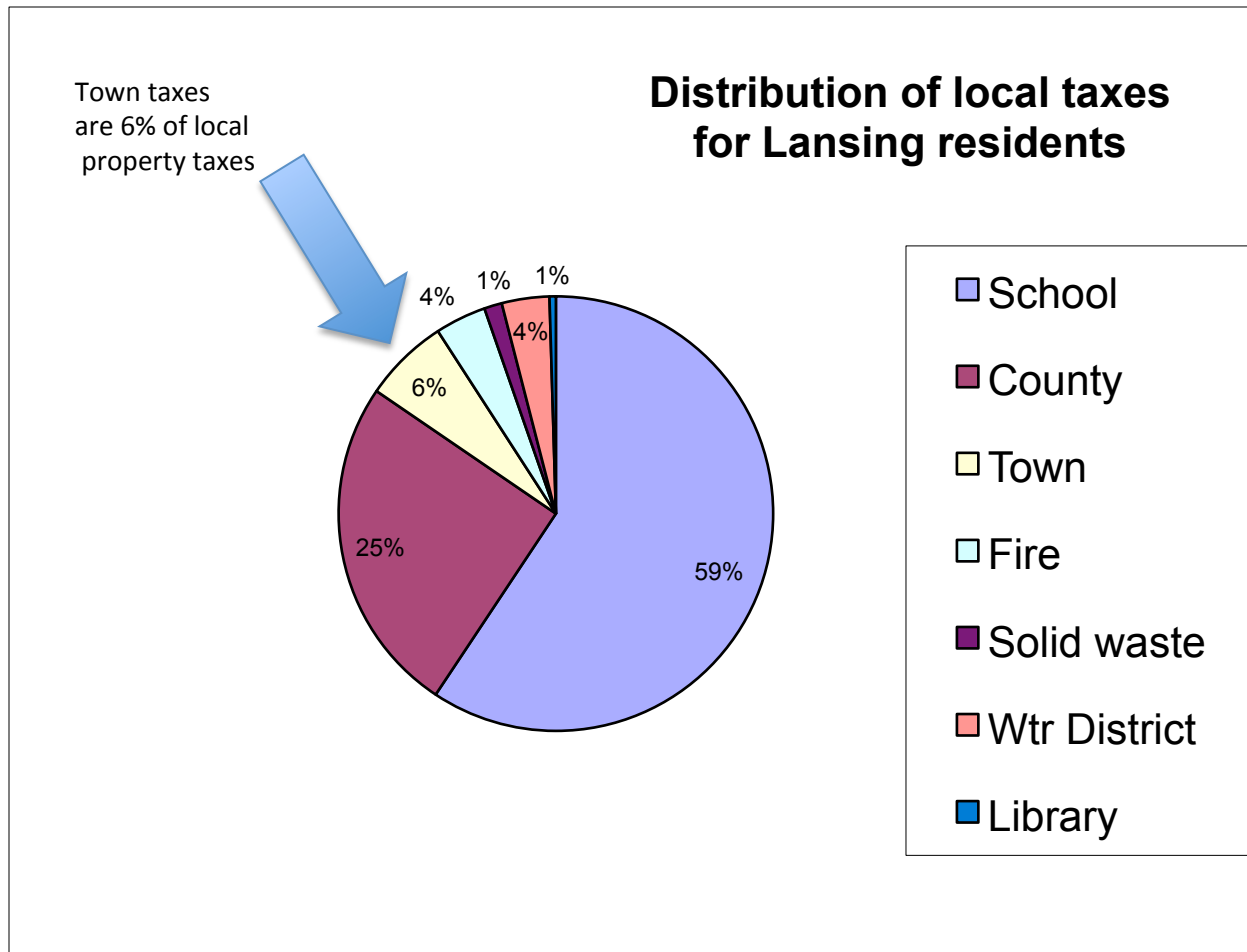
1. Use gradual approach to reducing dependency on surplus funds
2. Stay under tax cap for 2014 by \$2,484.
3. Raise tax levy and tax rate to 1.43 (up from 1.38).
This is \$10/year for a \$200,000 property.
4. Set policy for use and maintaining established reserve funds for major asset categories.

Recommendations: Dollar amounts

- TOWN
- Total appropriations (expense)=\$4,851,773
- Total Tax Levy=1,706,320
- Tax Rate 1.43

- SPECIAL DISTRICTS
- Total appropriations =1,429,514
- Total tax levies and rates vary

Town taxes are 6% of all local property taxes

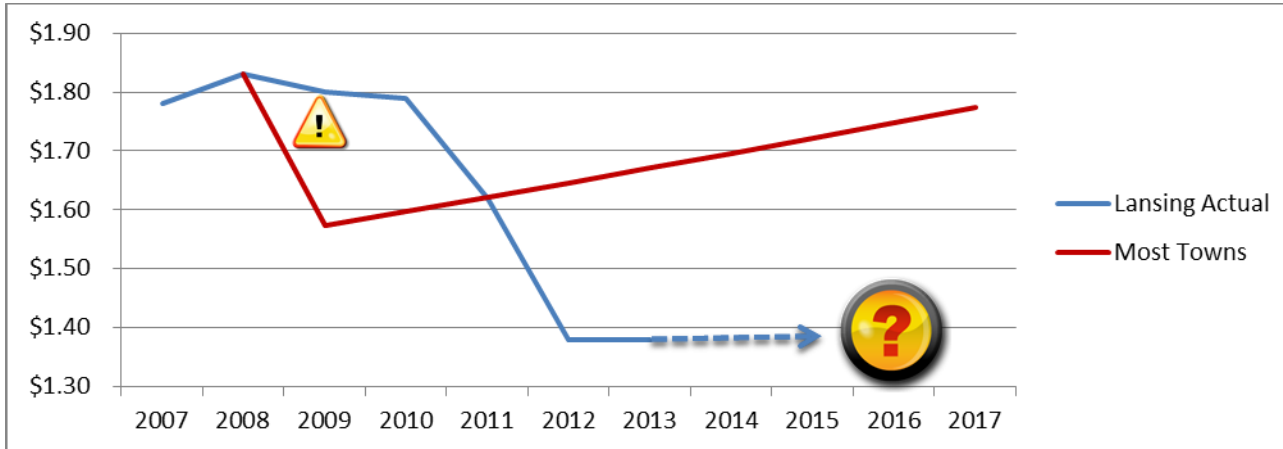


Further explanation

- Next 3 slides
- 1. Comparison of Lansing Tax Rate decisions after reassessment to most other towns in Tompkins County
- 2. Illustration of impact on single home then multiplied to entire tax town
- 3. Illustration of choices for tax rates in next 2 to 3 years.

How did we get here?

Tax rate adjustments 2007-2013



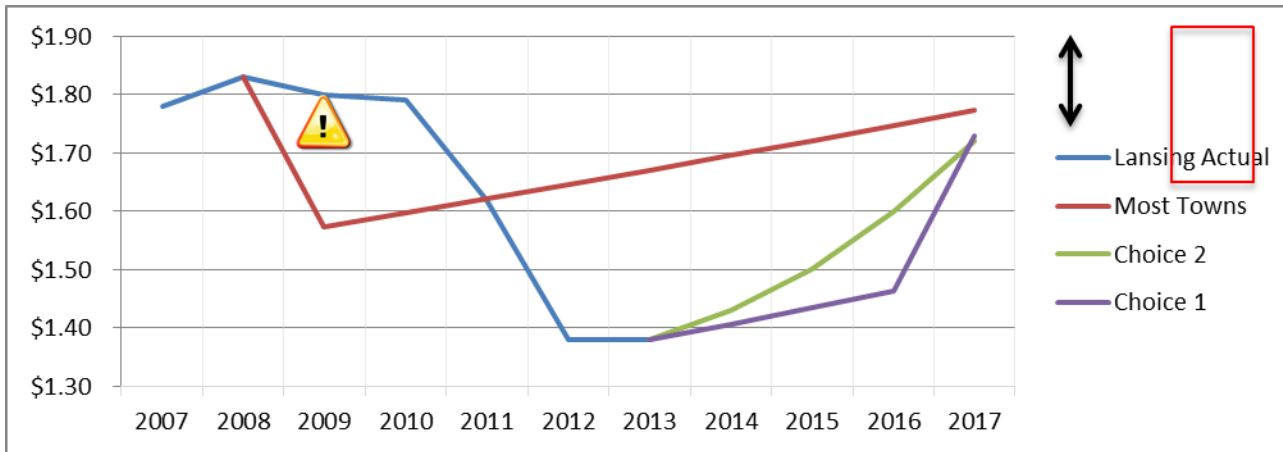
Year	Lansing Actual		Most Towns	
2007	\$ 1.78			
2008	\$ 1.83	3%	\$ 1.83	
2009	\$ 1.80	-2%	\$ 1.57	-14%
2010	\$ 1.79	-1%	\$ 1.60	2%
2011	\$ 1.62	-9%	\$ 1.62	2%
2012	\$ 1.38	-15%	\$ 1.65	2%
2013	\$ 1.38	0%	\$ 1.67	2%
2014			\$ 1.70	2%
2015			\$ 1.72	2%
2016			\$ 1.75	2%
2017			\$ 1.77	2%

What did this mean for a single house?

Scenario	Assessment rate of market value	House value	Tax Rate	Tax rate adjustment	Tax collected	Tax increase		Multiply for entire Town Taxable base= 1,291,159,828
Lansing tax rate change								
2008 before adjustment*	85%	\$100,000	\$1.83		\$183			
2009 after adjustment	100%	\$118,000	\$1.80	-2%	\$212	\$29	16%	\$2,324,088
Most other towns equivalent tax rate change								
2008 before adjustment*	85%	\$100,000	\$1.83		\$183			
2009 after adjustment	100%	\$118,000	\$1.58	-14%	\$186	\$3	2%	\$2,040,033
*County-wide 18% adjustment to full market value						Excess collected		\$284,055
						Excess over 2 yrs		\$568,110

Where do we go from here?

Tax rate adjustments 2007-2018



Year	Lansing Actual		Most Towns		Choice 2		Choice 1	
2007	\$	1.78						
2008	\$	1.83	3%	\$	1.83			
2009	\$	1.80	-2%	\$	1.57	-14%		
2010	\$	1.79	-1%	\$	1.60	2%		
2011	\$	1.62	-9%	\$	1.62	2%		
2012	\$	1.38	-15%	\$	1.65	2%		
2013	\$	1.38	0%	\$	1.67	2%	\$	1.38
2014				\$	1.70	2%	\$	1.43
2015				\$	1.72	2%	\$	1.50
2016				\$	1.75	2%	\$	1.60
2017				\$	1.77	2%	\$	1.72
							\$	1.41
							\$	1.44
							\$	1.46
							\$	1.73