



## TOWN OF WEST SENECA

SHEILA M. MEEGAN  
TOWN SUPERVISOR

### *Supervisor's Transmittal Letter to the 2019 Tentative Budget*

September 27, 2018

To the Town Board, Citizens and  
Taxpayers of the Town of West Seneca:

The Town of West Seneca, New York's proposed budget for the year 2019 is hereby submitted. As required by Town Law, this version of the budget has been prepared by me as Town Supervisor and is known as the "Tentative Budget" for 2019. It is respectfully submitted to the Town Board, citizens and Town taxpayers for review, consideration, resident input and potential adjustment prior to adoption by the Town Board. The budget is available in the Town Clerk's Office and will be available on the Town's website. A public hearing will be held on October 15 at 6 PM at the West Seneca West High School Auditorium.

I am pleased to present this Tentative Budget that maintains all services, provides for significant improvements to our infrastructure and heads the Town in the appropriate direction for the future. This aspect was of vital importance to me when preparing this budget as our working families are in need of tax relief.

The annual budget process is an important undertaking. We, as management of the Town, must take many factors into consideration, including:

- The services which are vital for the health and safety of our residents.
- Services that provide "quality of life" to our residents.
- The cost of these services and the ability of taxpayers to pay for these services.

The Supervisor's tentative 2019 budget was discussed with all Town Council members. We attempted to incorporate each of our ideas, concerns and corrections into the budget. Since that time we were able to adjust various accounts to achieve a budget that maintains all services, incorporate current and future needs of our residents, and works to maintain fiscal stability. I am happy to present this budget that we believe provides for the health, safety and quality of life needs of our residents, while also controlling operating costs.

As with each year, the Town faces many challenges - we believe that we have acted responsibly and looked for the long-term benefit of our community. We continue to regard the budget as a blue-print for the Town's financial future. The annual budget is just one part of a true long-term financial plan, which we believe will have real benefits to Town residents for years to come.

Per the Town's fund balance policy, the Town's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or predicted one-time expenditures. The Town also seeks to maintain the highest possible credit ratings which are dependent, in part, on the Town's

maintenance of a healthy fund balance. However, the struggling economy has had a significant negative effect of the Town's financial situation. Interest earnings are virtually nonexistent. Sales tax revenues and increases in the Town's assessed valuation continue to see only slight increases. To combat large tax increases and reduce the effect on the taxpayers, the Town has relied on the use of appropriated fund balance beginning in the 2011 budget. This appropriated fund balance is in the use of the Town's savings to offset an increase in the amount to be raised by real property taxes. From 2011 to 2017 the Town has appropriated \$3,450,000 of General Fund fund balance and \$3,215,000 of Highway Fund fund balance. In July 2017, the Town was put on a negative watch by Moody's Investors Service due to this decrease in fund balance levels. As a result of this negative watch, the Town's 2018 budget reduced the use of appropriated fund balance of \$900,000 to \$450,000 in the General Fund and from \$350,000 to \$0 in the Highway Fund. Due to the planned use of fund balance of \$900,000 in the General Fund and \$350,000 in the Highway Fund as appropriated in the 2017 Budget which was adopted on November 14, 2016, the Town was downgraded one step to an A1 credit rating in July of 2018. To further respond to Moody's report, the Town is further reducing appropriated fund balance in the General Fund from \$450,000 to \$250,000.

Additionally, a persistent factor that has made recent budgets very difficult to continue offer the same level of service without significant impact to the tax rate is the increasing costs of employee salaries and benefits. The current White Collar, Blue Collar and Police Benevolent Association contracts include a 2.50%, 2.75% and 2.25% annual increase in employee salaries, respectively. In 2010, the Town's budget included an appropriation of \$7,929,835 for employee benefits, the 2019 budget requires an appropriation of \$11,940,741; an increase over almost \$4 million dollars over ten years. A significant component of those appropriations is the mandated contribution to the New York State and Local Employees Retirement System (ERS) and to the Police and Fire Retirement System (PFRS). This year's budget includes an estimated payment of \$1,380,000 to ERS and \$1,675,000 to PFRS. These same estimates were \$1,017,000 and \$1,070,000, respectively, in 2010. That is \$968,000 added to the appropriations in just ten years to meet this mandated cost.

Another large component of appropriations for employee benefit is the cost of health insurance and rates to provide health insurance continue to increase nationwide. In fact, in 2010 the Town budgeted \$3,658,660 to provide coverage to employees; the 2019 budget includes an appropriation of \$6,467,608 in those budget lines, an increase of over \$2.8 million. The Town is a member of the Labor Management Healthcare Fund ("LMHF") which is a coalition of various governmental entities who pool together to purchase health insurance at a better rate. Each year, LMHF provides the Town with an expertly determined estimated cost which is what is used in the upcoming budget. For the 2019 year, LMHF has recommended that the Town increase its prior year combined budget by 3%. Of this increase, \$136,075 and \$56,965 has been allocated to the General Fund and Highway Fund, respectively.

Fortunately, the Town has implemented several significant cost saving measures the past few years and have planned our fiscal practices very wisely. In recent years we have worked hard to consolidate departments and outsource a variety of services to achieve cost savings. The Town's management actively monitors overtime and keeps a watchful eye on revenues and expenses during the year. This has allowed us, and will continue to allow us, to weather these uncertain economic times.

Significant changes and highlights included in the 2019 budget are:

- The Town has established and funded reserves for the purchase of major equipment purchases. This helps the Town in providing for necessary equipment to service residents in a more efficient manner, while saving dollars in future repair and maintenance costs. We believe this provides for current needs while keeping a watchful eye on the future.
- As of December 31, 2017, the Town had \$30,626,169 of short term bond anticipation notes (“BANs”) outstanding. This debt is only allowed to be short term for a certain number of years based on the purpose of the issue before they are required to be converted to long term bonds. The purpose of initially issuing BANs for the allotted number of years before converting to bonds is that BANs receive a lower interest rate as they are renewed annually. In preparation for the Town’s annual debt renewal, our Municipal Advisors, Capital Market Advisors, recommended that due to the uncertain market environment that the Town convert its short term BANs to bonds now in order to lock in our interest rate. From July 2017 to July 2018 the average Aa rate increased 40 basis points and there is expected to be two additional rate increases this year. As such, on July 25, 2018 the Town converted its short term bond anticipation notes to bonds and was able to lock in at the low interest rate of 3.28%.
- When an assessment is challenged resulting in a refund to the taxpayer from Erie County, the Town receives an invoice which is referred to as the Town’s Erie County Charge Backs for their portion of the refunded taxes. This is received every April to be paid in the following budget year. Historically, the Town has paid \$6,046.73 and \$5,495.95 in 2017 and 2018, respectively. In April 2018, the Town received an invoice for Erie County Charge Backs in the amount of \$175,371.67, an increase of \$169,875.72 from the preceding year.


As I’ve stated, all of the capital improvements that are required by a Town with aging infrastructure, highways and buildings come by a cost. The Town has diligently maintained operations at a modest level to help ease the burden of these additional debt requirements; however, the current budget does require a tax increase. A complete detailed budget can be found within the submitted Tentative Budget. A summary of the General and Highway Funds’ tax rates are shown below:

Tax rate summary for 2019 (proposed):	
General Fund	\$ 12.16486
Highway Fund	\$ 9.11439
Rate (per \$1,000 of assessed valuation)	\$ <u>21.27925</u>
Tax rate for 2018 (adopted)	\$ <u>20.47022</u>
Dollar change	\$ <u>0.80903</u>

We believe this budget provides for continued high quality services to our residents and is another step in the path to fiscal stability. We will continue to be diligent in seeking ways to control/reduce expenditures, so that our residents receive the highest quality services at the lowest possible cost.

In closing, I wish to thank all the employees and department heads for their dedicated service to the Town, and the Town Board for their leadership and support.

Respectfully submitted,



Sheila M. Meegan  
Town Supervisor