

Conversation with the Mayor - February 15, 2010
Vicky Daly

Pay Me Now ? Pay Me Later ?

It is my least favorite time of the year – budget time. We have been at it in one way or another since mid-December. The process starts with the preparation and submission by each department of a budget request for the following year. The fiscal year in villages, by the way, runs from June 1st to May 31st. Why? It's state law. Our budget year does not match with anyone else's.

Then, in January the Village Board meets with the head of each department separately to go over his budget requests. The conversation deals with the rationale for the request, other ways of reaching the same result, possible cooperation with other departments and the like. Prioritizing is always discussed. We take voluminous notes, look at expenditures for the current year and last year's budget numbers. There are six meetings, one for each department: Building & Grounds, Fire Department, Highway, Justice Court, Police and Water & Sewer. Also reviewed are requests from the Village Clerk's Office and the not-for-profit agencies, the Community Center and Historic Palmyra.

While this is happening, our financial advisor Roy McMaster, Capital Markets Advisors, LLC, prepares a document which includes the set costs over which we have no control – state pensions, health insurance, everything that has been requested by the department heads. Roy has been working with the village in this capacity for years and knows our finances intimately. This document is our starting point for the final budget.

It has been a hard year in most homes and it has been in the village hall as well. New York State pension costs, dependent on the stock market, have escalated from \$40,000 this year to \$59,000 in the coming budget. That single item is fifty-nine cents on the tax rate. You know what has happened with your own health insurance. Last year the village's share of health insurance coverage was \$149,355.72. That has increased for the 2010-2011 budget to \$176,301.48, approximately an 18% jump. This represents \$1.76 of the tax rate. The everyday items – road salt, paper, postage – have all gone up. On the other side of the balance sheet, revenues are down.

It is these facts that we consider as we go through the budget, keeping in mind at all times the need to keep village services at an acceptable level and, at the same time, acknowledge the financial strain being experienced by our residents. The pension and insurance increases cannot simply be passed along whole. Other expense lines must be reduced to prevent that. It becomes a question of do we bite the bullet now and increase the tax rate now as little as possible or postpone expenditures and play catch up later? Do we raid the reserves now and hope there is no emergency need for which they are intended? We have seen the results of those actions in Albany. It becomes a pay me now, pay me later choice. It is not an easy decision, but one we take very seriously, using our best objective judgment on each and every line of our budget. Remember, that as village residents, we all receive a tax bill.

What appears to be a simple solution to the tax problem is not. Dissolution of a village, elimination of the village government, does not make the costs go away. The costs, including

the debt for bonded projects – road work, fire trucks – stays with the geographic area for which the debt was incurred. They are not spread throughout the town. The same is true for maintenance of village amenities – police coverage, sidewalks, street lights, brush pick up. Separate tax districts are set up for each service and the services are paid for, through taxes, by the people receiving them. Work still has to be done on village streets, buildings and grounds and the people doing the work will still have wages and benefits, paid for by the people in that geographic area. This scenario has no other side of the budget sheet. There would be no incoming revenues to offset expenses. Taxes could quite easily be higher. Nothing is simple and nothing is free, but together, working with each other and our neighbors, we can have the village we want. The Village of Palmyra is worth the effort.