

To: Ancram Town Board
From: Art Bassin 
Date: December 16, 2012
Subject: Monthly Supervisors Report

Financial Report: Town financial results continue to be good. We ended November with \$737,000 in the bank. December bills will total about \$60,000, which suggests we will end up the year with over \$650,000 of cash in the bank, which is about 20% better than the \$529,000 budget. We are starting 2013 with about 50% of our 2013 spending plan already in the bank, in reserve. This cash reserve serves as insulation from any unexpected deterioration in Federal, State and County aid, which totals about \$350,000 of the Town's 2013 revenue budget of \$1.3 million. The November YTD Financial Summary Chart is attached. The detailed financial reports will be sent to you via email, and are on the town web site at www.townofancram.org.

Revenues continue to track above budget – we are at \$1,335,000 through November, \$30,000 above the full year 2012 budget. It is looking like the full year revenue number will exceed budget by almost \$100,000, through a combination of higher than expected sales taxes (about \$37,000 better than the budget), the \$26,000 insurance settlement for the garage siding, about \$20,000 in unexpected FEMA reimbursements and about \$15,000 of higher than budgeted contributions and miscellaneous income.

Spending for the period ending November 2012 totaled \$1,218,000, about on budget, and about \$238,000 under November 2011 YTD. Our lower spending this year results from the mild winter's impact on salt, sand and gas (\$57,000), lower garage and salt shed construction & maintenance costs (\$21,000), lower equipment purchase & repair costs (\$42,000), moving our Rescue Squad costs to the county (\$84,000) and lower youth program and playground construction and maintenance costs (\$34,000).

Employee & Retiree Health Insurance: The current MVP plan would have cost \$6100 per employee and \$6400 per retiree in 2013 for a total of about \$60,000. We are planning to switch to CDPHP, which will cost between \$4200 and \$5200 per employee, and \$5000 per Medicare eligible retiree. We will save between \$900 and \$1900 per employee and \$1400 per retiree with the new plans, while our employees and retirees receive comparable benefits at no cost increase to them. Two Town employees have opted for the \$3600 health insurance buy out. In aggregate, this new set of health insurance programs will save the Town between \$9000 and \$14,000 in 2013. Our budget for health insurance in 2013 is \$60,000, but based on the new CDPHP programs, we could have actual costs of about \$50,000, which is about what we will spend in 2012. I have reviewed with all eligible employees and retirees the proposed switch from MVP to CDPHP. Our three retirees who are Medicare eligible will be on a CDPHP Medicare Advantage Plan. Our four eligible Town employees will switch to a CDPHP \$2500 deductible plan. As part of the employee program, the Town will contribute \$750 to each eligible employee's HSA, and will provide an additional \$1000 in a Health Reimbursement Arrangement for deductibles over \$1500. If this \$1000 HRA is not used, it stays with the Town. One retiree who is not yet eligible for Medicare will also participate in this employee high deductible plan.

Green Purchasing Policy: I will circulate a revised draft of the proposed Green Purchasing Policy later in the week, which incorporates comments I have received since last month. The proposed Green Purchasing Policy encourages but does not mandate that we buy green, and proposes a limit of spending no more than 5% more to buy green.

Zoning Revisions: We will get an update on ZRC Package 4 at the TB meeting. As we discussed last time, we will do the SEQRA on Package 4 after we have had a chance to review Package 4, and will schedule another public hearing on Package 4 after it has been finalized and presented to the TB.

82/7 Intersection: The County has developed a way to protect the wall perpendicular to 82 from further deterioration, and plans to proceed with the project. Weather concerns have caused the County to decide to postpone work until next spring. The County and State DOT are also looking at the stone wall behind the Simons General Store, which is leaning dangerously and may collapse, weakening the 82 road bed.

Dog Law: Please review the draft of the proposed new dog law for discussion at next week's meeting. The proposed law will allow our Animal Control officer to issue appearance tickets without going through the Town Court, and will allow the ACO to represent the town in court without an attorney. The major problems continue to be to define what constitutes a barking violation, and how to establish "proof" of a barking violation. After our review, I will send the draft on to our attorney to develop a formal local law.

2013 County Budget: The County approved a \$155 million budget last week. This is a "business as usual" County budget which does not provide any contingencies for the possible impact on County reimbursements from State & Federal sources from whatever is decided (or not decided) in Washington as part of the resolution of the "fiscal cliff" problem. This budget does not alert tax payers, County employees, the unions or members of the BOS to the financial risks and management challenges we face in 2013 and over the next few years.

Revenues to support the \$155 million spending plan include \$42 million in current and prior year property taxes, State and Federal payments of \$40 million, a \$5 million increase in sales tax to \$33 million (which is the actual amount we expect to receive in 2012), \$15 million in new debt (to pay for capital spending and construction projects), \$9 million in departmental revenues, \$6 million in special fund revenues (solid waste fund, machinery fund, highway fund), mortgage tax revenue of about \$1 million and \$1 million of intergovernmental revenue. In addition, the county is budgeting \$7 million of fund balance "reserves", which has reduced the County's financial reserve funds to uncomfortably low levels.

2013 County property taxes are budgeted to drop about .4% (about \$160,000) to \$40 million. This will be the third year of flat property taxes. Prior year tax receipts make the total property tax number about \$42 million.

The anticipated \$40 million from State and Federal sources may be optimistic, as we are already seeing a slowdown in the pace of Federal and State reimbursements, which could get worse. We currently have about \$7 million of receivables from Federal and State sources from 2012. It is not clear how the County would deal with a 5% or 10% drop in State and Federal program reimbursements, which would total \$2 to \$4 million.

The 2013 budget projects salary cost growth of over 16%, with pay raises up 2.5%, retirement cost increases of about 10% and health insurance increases of about 4%. Going forward, we should probably expect 15%-20% staff cost increases annually if raises, retirement system costs and health insurance costs continue to grow at current rates, and we do not take measures to reduce staff to offset these cost increases.

There are no major cost cuts proposed as part of the 2013 budget, but the BOS is talking about requiring a 60 or 90 day delay in replacing staff members who leave, and there is talk about a hiring freeze if necessary to deal with unexpected deteriorations in revenues in 2013.

The County is going into 2013 with low reserves, employee costs growing at over 15%, and State and Federal reimbursements likely to be cut as "entitlement reform" kicks in. The County will face some very tough financial and management problems in 2013, needs to recognize and communicate better about these problems, and needs to start working on near term and longer term solutions.