

Town of Bethlehem 2010 Budget



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BOND RATING UPGRADE



- On November 6, 2009 Standard & Poor's Ratings Services assigned its 'AA' rating, and stable outlook, to the Town of Bethlehem, N.Y.
- Upgrade from A1 rating and second highest rating possible.
- Improved ability to borrow at lower interest rates.

CRITERIA SITED FOR UPGRADE



- **Strong Economic Indicators, strong per capita and household income levels.**
- **Sound financial management practices and very strong reserves heading into 2010.**
- **Moderate debt burden and manageable additional capital needs.**

IMPACT TO TAXPAYERS



- The AA credit rating increases the market for Town of Bethlehem Bonds improving competition and helping to lower costs
- The AA credit rating will result in a reduction in our interest costs by 15 – 25 basis points over previous rating (Basis point equals 1/100 of a percent)

REAL DOLLAR VALUE TO TAXPAYERS



- The AA Credit Rating for our upcoming \$8.1 million General Obligation Bond:

SAVES

TAXPAYERS

\$240,000 to \$330,000

REAL SAVINGS



Interest savings	\$330,000.00
Revenue from 2% tax increase	<u>\$163,845.00</u>
Net Savings to Taxpayers	<u>\$166,155.00</u>



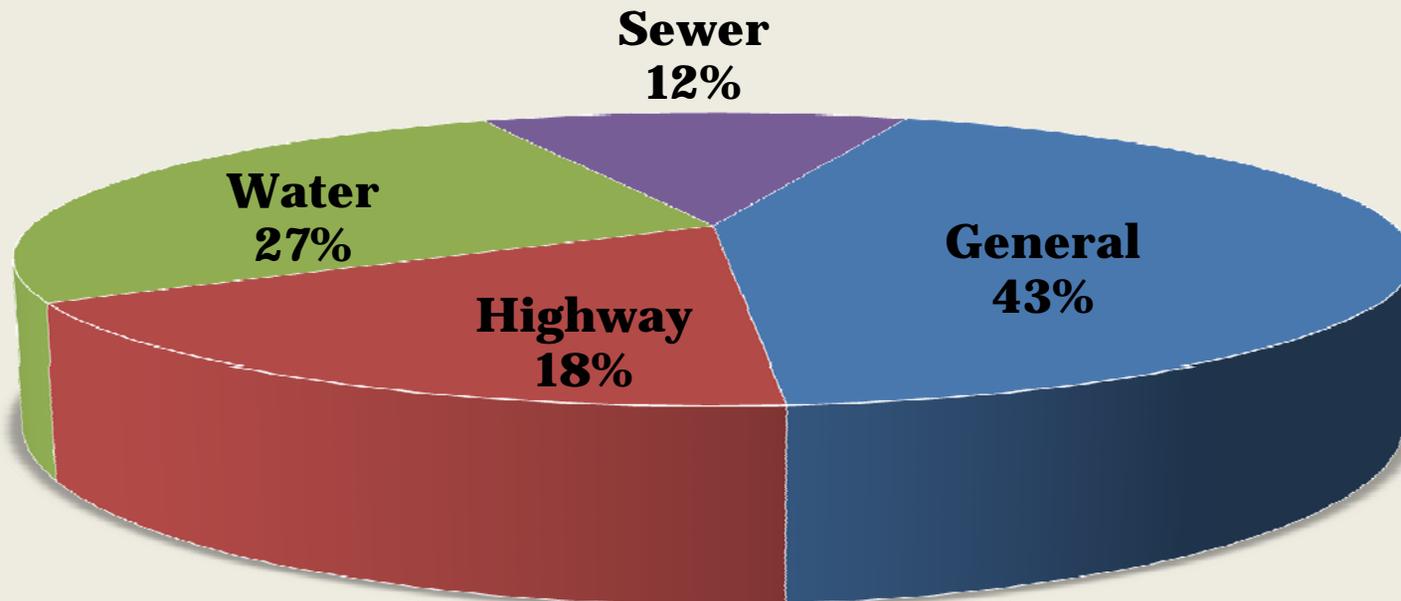
TOWN OF BETHLEHEM
BUDGET HIGHLIGHTS
2010

FOUR SEPARATE FUNDS

(BASED ON NET ASSETS)



Water & Sewer Funds benefit a subset of residents



General Town & Highway Funds benefit all residents

2010 BUDGET HIGHLIGHTS



- Spending increase of 3.8% over 2009 proposed budget
- Spending excluding major equipment and capital cost is down \$19,283.
- Cost of living increase for employees held to 1%
- Proposed property tax increase of 5.4¢ or 2% over 2009
- 24% Reduction in use of Fund Balance from '09 proposed budget

2010 BUDGET GENERAL FUND

- General Fund Budget is \$138,276 less than the 2009 proposed budget
- Proposed 2010 Budget is \$464,826, or 2.6% above the adjusted '09 budget.
- Contribution to NYS Retirement system went up 31%, \$296,101
- Health Insurance cost Decreased 1%, \$16.867
- Medicare Advantage (Retiree Health) Increased 30%, \$68,000

2010 BUDGET HIGHWAY FUND



- Highway operating budget (excluding major equipment costs of \$360,000) is \$24,600 less than '09 proposed or .3% decrease.
- Contribution to NYS Retirement system went up 42%, \$96,739.
- Health Insurance cost increased 17%, \$77,388.
- Medicare Advantage (Retiree Health) increased 27%, \$38,000.

2010 BUDGET WATER FUND

- Water operating budget (excluding major equipment and capital cost of \$725,000) declined \$73,000 from '09 proposed or -.7% decrease.
- Contribution to NYS Retirement system went up 37%, \$58,245.
- Health Insurance cost increased 25%, \$63,193.
- Medicare Advantage (Retiree Health) increased 7%, \$3,000.

2010 BUDGET SEWER FUND

- Sewer operating budget (excluding major equipment costs of \$395000) is \$160,558 more than '09 proposed or 3.6% increase.
- Contribution to NYS Retirement system went up 44%, \$46,236.
- Health Insurance cost increased 5%, \$9,256.
- Medicare Advantage (Retiree Health) increased 60%, \$9,000

TOTAL BENEFIT INCREASE BY CATEGORY



Category	Increase Amount	Increase
Pension Contribution	\$497,321	34%
Health Insurance	\$132,970	6%
Medicare Advantage	\$118,000	27%
TOTAL INCREASE	\$748,291	19%
TOTAL PROPOSED TAX INCREASE	\$163,843	2%

PERCENTAGE OF TAXES FOR BENEFITS



Category	2010 Benefit Expense	Percent of Tax
Pension Contribution	\$1,947,491	23%
Health Insurance	\$2,195,250	26%
Medicare Advantage	\$ 548,000	7%
Total Cost	\$4,690,741	56%

Proposed 2010 Budget Water Fund



EXPENDITURES			REVENUE SOURCES TO FUND EXPENDITURES					
ITEM DESCRIPTION	APPROPRIATION	RUNNING	ITEM DESCRIPTION	NON-PROP.	APPROPRIATED	TO BE	TOTAL	DIFFERENCE
		TOTAL OF		TAX REVENUE	FUND BALANCE	RAISED	SOURCES	
		EXPENDITURES		(sewer Rent, Int, etc)	(Use of Fund Balance)	BY TAXES	OF FUNDING	
Original Proposal	9,951,900	9,951,900		7,404,300	281,800	1,910,800	9,596,900	-355,000
Cola Savings Town Employees	-8,480	9,943,420	CapRes-Pump motor improvement-Park tank	30,000			9,626,900	-316,520
Debt Service Adjustment (New Bonding)	64,265	10,007,685	CapRes-Pump motor improvement-Selkirk tank	20,000			9,646,900	-360,785
Increase for Medicare Advantage contribution	12,000	10,019,685	CapRes-Genset oil tank	10,000			9,656,900	-362,785
		10,019,685	CapRes-Pump and Motor - New Salem	25,000			9,681,900	-337,785
		10,019,685	CapRes-Lagoon pumps - New Salem	35,000			9,716,900	-302,785
		10,019,685	CapRes-Filter bed - New Salem	20,000			9,736,900	-282,785
		10,019,685	CapRes-Equipment - Clapper Rd	65,000			9,801,900	-217,785
		10,019,685	Bond/Ban Backhoe	120,000			9,921,900	-97,785
		10,019,685	Bond/Ban Pick-up Truck	30,000			9,951,900	-67,785
		10,019,685	Use of Fund Balance adjustment		67,785		10,019,685	0
		10,019,685					10,019,685	0
		10,019,685					10,019,685	0
		10,019,685					10,019,685	0
		10,019,685					10,019,685	0
Summary of proposed changes	67,785		Summary of proposed changes	355,000				
Modified Proposal, Sewer Fund	10,019,685			7,759,300	349,585	1,910,800	10,019,685	
For Reference: 2009 Totals	9,300,000			6,914,200	375,000	2,010,800	9,300,000	
Percentage Change from 2009 to 2010	7.7%			12.2%	-6.8%	-5.0%		

2010 Outlook



- The Recession has resulted in a loss of more than \$700,000 in sales tax revenue for the Town of Bethlehem in 2009 and \$300,000 mortgage taxes.
- Town operations have been adjusted in recognition of this shortfall:
 - Deferred Purchase
 - Capital Project Delays
 - Reduction in Departmental operating costs
 - Hiring Freeze – Staff reductions through attrition
 - Use of reserves
 - Reduction in pool hours
 - Use of Automation
 - Reduction in fuel costs
- Sound financial management of the 2009 budget will likely result in better than expected results which will help to ensure a stronger fund balance in 2010.

2010 Outlook



- Economic predictions for 2010 are uncertain and inconsistent- Unemployment to remain high.
- The Town continues to work with other taxing entities to consolidate and work together to reduce the overall cost of government operations for the residential property tax payer.
- The Town is aggressively working promote regionally significant economic development to help underwrite the tax burden to the residential taxpayer.
- Wet conditions continue to impact Water budget revenue.
- Infrastructure improvements will require financial support to move forward.