

Town of Deerpark

Orange County, New York

Fiscal Improvement Plan

And

Three Year Projection

2011 – 2013

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TOWN OF DEERPARK 2011 - 2013 MULTIYEAR PLAN

OVERVIEW OF MULTIYEAR PLANNING

Multiyear planning is a concept recommended and endorsed by the New York State Comptroller's Office. It can be a vital tool for any local government and our Town Board believes that multiyear planning will be especially useful to our town since it has been struggling with difficult financial conditions over the last several years. Multiyear planning allows decision makers to set long term priorities and move toward goals rather than making choices based upon only the needs and politics of the moment. This is of the utmost importance when resources are limited, as they are now in our town.

This plan will help our residents and elected government officials see the impact of their fiscal decisions over time. Officials can then decide what program funding choices to make, in advance, avoiding sudden tax increases or dramatic budget cuts. Multiyear planning is also particularly helpful in identifying one aspect of fiscal stress that affects many of New York's local governments regardless of their apparent current fiscal health, that being the structural imbalances between revenues and expenditures. Studies show expenditures have grown, on average, at nearly twice the rate of inflation primarily fueled by increased wages and salaries, healthcare costs and other employee benefits, while revenues have grown more slowly or even declined, particularly in recent years. This very pattern has presented even more so, in upstate communities, struggling with stagnant property values, declining populations and troubled economies. Without multiyear planning, history has shown fiscally stressed communities sometimes have tried to limp along from year to year. These communities have often spent down reserved funds or used various one time revenues to keep afloat, which becomes dangerous to future budgets when these onetime revenue sources or reserve funds are unavailable. As local governments ranging from the size of New York City to small Villages have discovered, putting off painful decisions does not make problems disappear, in fact, it only makes matters worse. Financial problems that have remained hidden for years have a way of emerging suddenly as full blown financial crises. The Deerpark Town Board of today believes that instituting a multiyear planning program for our local government will help elected officials, now, and in the future, make important decisions and see the impact of their fiscal decisions over time. Thus, allowing them to make important choices based on prudent information while trying to avoid sudden tax increases or dramatic budget cuts in services to the residents of our town. Taking all of this under advisement, the present Town of Deerpark Town Board in 2010 passed a mandatory resolution requiring a multiyear plan be prepared and released yearly by every Town Board hereafter.

MULTI YEAR FINANCIAL PLANNING DEFINED

A multiyear financial plan projects revenues and expenditures for several years into the future. Unlike a multiyear budget, it does not authorize expenditures. Instead, it illustrates what will happen to a government's ability to pay for and provide services given a particular set of policy and economic assumptions. These projections help local

elected officials assess expenditure commitments, revenue needs, fiscal risks, and the affordability of new services and capital investments.

AN OVERVIEW OF OUR TOWN

The Town of Deerpark is the most western, and geographically, the second largest town in Orange County. The southwest town line touches the border of Pennsylvania marked by the Delaware River. The western and northern town lines border Sullivan County, New York. The Neversink and Mongaup rivers flow through various areas of the Town. The City of Port Jervis is located in the southern corner of the Town. The Town of Deerpark is one of the most rural towns in Orange County with an estimated population of over 8,300 and is comprised of over 2,900 households with over 2,100 families residing in the Town. The median income for a household in the Town was approximately \$46,000.00 and the median income for a family is approximately \$50,000.00. Local town government provides numerous services: highway maintenance, police protection, planning and zoning boards, building and safety inspections, lighting, and culture and recreation. Of those basic services, highway maintenance and police protection account for over sixty percent of the Town expenditures. There are two fire districts and one fire protection district within the Town. However, under New York State Law, town government has virtually no control over the costs of these fire protection services.

DEERPARK'S CURRENT FISCAL CONDITION AND THE DEFICIT

A review of the Town of Deerpark's unaudited financial statements as well as a review of additional information from the fiscal year ending December 31, 2008, revealed that there was a combined accumulated deficit of approximately \$859,988.00 in the general and highway fund at the end of December 2008. An accounting by the town, and confirmation by the Office of the New York State Comptroller, revealed the following:

- The Town anticipated funding of \$297,500.00 from the Federal Emergency Management Agency as a result of a flood in April 2005. The Town spent approximately \$333,000.00 for the project but did not complete it within the established time frame, thus, resulting in the loss of this funding.
- Furthermore, the Town's adopted budget for the fiscal year ending in December 2008 improperly included approximately \$600,000.00 of non-existent reserve fund balance and approximately \$212,999.00 of overestimated revenues. Elected officials in office during the time that these budgeting problems arose worked to reduce the Town's budget by over \$333,000.00. Despite those modifications, the Town general and highway funds experienced operating losses of over \$556,129.00.

As a result of the operating loss, the Town of Deerpark was permitted by the State of New York under Local Finance Law § 10.10 to incur debt to finance its deficit. As a result of this action, it was mandated that the Town provide periodic updates to

the New York State Comptroller's Office regarding the Town's financial condition. In accordance with this incurred debt the Town continues to make routine payments toward full payment of the debt within the terms of our loan agreements.

THE ESTIMATED FUTURE EXPENDITURES

The current Town Board in 2010 reduced the current level of expenditures without negatively impacting the level of service provided to the taxpayers of the Town. The current Town Board is additionally faced with many issues dealing with substantial decay in the Town's infrastructure. The Town of Deerpark has approximately eighty-eight miles of road, many of which have not been repaired for years and as much as sixty miles is believed to be, by the Superintendent of Highways, in immediate need of repair. The Town also provides approximately nineteen daily hours of police coverage to the Town residents with the additional remaining five hours being covered by New York State Troopers assigned to a local barracks. Expenditures listed in our multiyear plan for future years have been estimated according to historical trends, contractual constraints and whether they are under the Town Board's control. Cost increases have been limited to estimates of the change in cost of living, and the replacement of necessary equipment. The current Town Board does not plan on adding any new employee related expenditures that were not provided for in the budget for the previous years, and has taken numerous steps in reducing Town payroll, expenses, and labor by cutting several full time employee positions to part time status, thus, reducing long term health care costs, pension costs and annual salary. Additionally, in 2010 the present Town Board undertook the first comprehensive insurance review of the Town's insurance policies in over 20 years which resulted in a significant reduction in liability risk to the Town and a savings in overall insurance cost. Finally, the Town Board continued our practice of using quality control studies on town government functions, and risk management assessments to better control expenditures.

ESTIMATED REVENUES

The Town of Deerpark, like many towns in the State of New York, has three primary revenue sources, those being property tax, sales tax, and mortgage tax. In recent years mortgage tax has decreased due to unstable real estate markets and an economic recession. Sales tax in Orange County has remained somewhat stable, but has not grown at a rate that was expected in past years. Property tax in the Town of Deerpark, for many years in the early part of this decade rose minimally, however, in 2009 property taxes rose significantly to cover the Town's previously noted deficit. However, in 2010 through a comprehensive budgeting process with a focus on cost control, the overall tax levy in 2010 saw a slight reduction, as in the Town Board's opinion the taxpayers needed every fiscal break they could get given the economic climate this year.

INFRASTRUCTURE/CAPITAL IMPROVEMENTS AND OUR PLAN

The multiyear plan implemented by the Town Board this year includes some capital outlay which will benefit the taxpayers of the Town in years to come. One such area that the present Town Board explored in 2010 was the creating and funding of capital reserve funds in compliance with General Municipal Law § 6. These funds will allow the Town to plan for future major purchases such as highway equipment, highway building materials, and other large items for the Town. The Town Board has previously noted that in 2005, the Town of Deerpark purchased land for the purpose of building a new highway/police station. The project has been placed on hold despite the fact that the highway garage erected in 1952 was of a steel pole construction which has far exceeded its useful life. In 2010, with the use of capital reserve funds set up by the Town Board, the Town of Deerpark took our first steps ever in setting aside reserve monies for the future building of a highway garage, and other equipment. Furthermore, additional reserve funds were set up to help manage and offset future employee benefit costs and expenses, all of which are firsts in our Town. This Town Board believes that multiyear planning, particularly in the area of capital improvements and employee benefits, must be a priority of this Board and future Town Boards so that the cost of these improvements can be planned for and saved for over time rather than being absorbed in lump sum fashion.

CONCLUSION AND LONG TERM GOALS

The present Supervisor and Town Board believe that the current economic recession will last into the foreseeable future. In the interim, the present Town Board plans to keep costs to a minimum where possible, add no new expenditures, unless required to reduce liability and risk, and to continue saving and planning for capital improvements in the future. In the future, this Town Board believes that prudent planning in dealing with the long term costs of post employment benefits, such as health care and pension costs, must be a priority to ensure the future fiscal well being of the Town. Overall, it is the goal of the present Town Board to be sure that the financial well being of the town's taxpayers is the foremost consideration in every decision made by the Town Board.

Karl A. Brabenec, Town Supervisor
David M. Hoovler, Deputy Town Supervisor
Gary Spears, Town Councilman
Art Trovei, Town Councilman
David Dean, Town Councilman

January 5, 2011

TOWN OF DEERPARK**Three Year Financial Plan, Fiscal Years****2011-2013****Major Fund Summary**

	Actual				Estimated
	2006	2007	2008	2009	2010
General Fund					
Revenues	\$ 1,886,106	\$ 1,932,585	\$ 1,765,319	\$ 3,986,891	\$ 2,733,579
Expenditures by Object	2,318,590	2,354,702	2,285,779	2,563,125	2,641,542
Surplus (Deficit)	(432,484)	(422,117)	(520,460)	1,423,766	92,037
Unreserved Fund Balance	152,645	(272,778)	(795,348)	620,341	698,947
Highway Fund					
Revenues	1,344,372	1,265,482	1,441,439	1,879,481	1,965,678
Expenditures	1,488,671	1,341,208	1,477,308	1,801,276	1,899,211
Surplus (Deficit)	(144,299)	(75,726)	(35,869)	78,205	66,467
Unreserved Fund Balance	78,397	5,473	(53,775)	52,763	121,730
All Major Funds					
Revenues	3,230,478	3,198,067	3,206,758	5,866,372	4,699,257
Expenditures	3,807,261	3,695,910	3,763,087	4,364,401	4,540,753
Surplus (Deficit)	(576,783)	(497,843)	(556,329)	1,501,971	158,504
Unreserved Fund Balance	\$ 231,042	\$ (267,305)	\$ (849,123)	\$ 673,104	\$ 820,677

Projected		
2011	2012	2013
\$ 2,569,374	\$ 2,710,880	\$ 2,862,064
2,786,298	2,822,510	2,908,706
(216,924)	(111,630)	(46,642)
450,023	306,393	227,751
1,673,943	1,774,793	1,883,272
1,691,443	1,768,810	1,793,855
(17,500)	5,983	89,417
101,846	105,329	147,247
4,243,317	4,485,673	4,745,337
4,477,741	4,591,320	4,702,561
(234,424)	(105,647)	42,776
\$ 551,869	\$ 411,722	\$ 374,998

TOWN OF DEERPARK

Three Year Financial Plan, Fiscal Years

2011-2013

General Fund Revenues

	Actual				Estimated
	2006	2007	2008	2009	2010
Revenues					
Real Property Taxes*	\$ 415,412	\$ 420,659	\$ 414,001	\$ 1,353,204	\$ 1,391,844
Real Property Tax Items	8,546	18,772	18,716	24,926	41,349
Sales and Use Tax*	651,740	805,748	711,683	779,846	799,000
Other Non-Prop Taxes*	72,296	48,710	64,174	63,919	62,000
Departmental Income	194,423	168,091	77,806	224,536	138,000
Other Local Revenue	144,037	106,602	123,787	138,454	152,000
State Aid - AIM	24,942	29,849	30,744	30,744	28,886
State Aid - Mortgage Tax	333,227	284,827	235,984	155,113	75,000
State Aid - Other	32,317	42,352	32,469	31,788	38,000
Federal Aid	9,166	6,975	10,955	14,373	7,500
BAN Redeemed from Appropriations	-	-	45,000	-	-
Proceeds of Debt	-	-	-	1,169,988	-
Interfund Transfers	-	-	-	-	-
Total Revenues*	\$ 1,886,106	\$ 1,932,585	\$ 1,765,319	\$ 3,986,891	\$ 2,733,579
Nonrecurring Revenues Included in Revenue, Above (List):*	NOTE: If none, please enter "NONE" below.				
a) Other Non-Prop Taxes			\$10,000	\$5,000	
b) Departmental Income				\$80,000	75,000
Serial Bonds				\$1,169,988	
Nonrecurring Revenues*	\$0	\$0	\$10,000	\$1,254,988	\$75,000
Recurring Revenues	\$1,886,106	\$1,932,585	\$1,755,319	\$2,731,903	\$2,658,579

* Required by AIM legislation.

			Avg Ann Increase	Assumptions			
Projected			2005- present	2011	2012	2013	Description
\$ 1,366,614	\$ 1,475,943	\$ 1,594,019	35%	-2%	8%	8%	8% needed to avoid reducing fund bal. to unsafe level
41,000	42,640	44,346	48%	-1%	4%	4%	New PILOT starting 2010; moderated growth after
800,000	824,000	848,720	5%	0%	3%	3%	Assumes slow economic recovery
60,000	61,800	63,654	-4%	-3%	3%	3%	Historical trend on cable franchise
81,400	83,028	84,689	-8%	-41%	2%	2%	Min growth due to current economy (see note b)
105,800	106,858	107,927	1%	-30%	1%	1%	Conservative estimation & minimal growth
28,360	29,211	30,087	4%	-2%	3%	3%	Historical trend
60,000	61,200	62,424	-31%	-20%	2%	2%	Conservative estimation & minimal growth
20,000	20,000	20,000	4%	-47%	0%	0%	No growth due to State financial problems
6,200	6,200	6,200	-5%	-17%	0%	0%	Aid from NPS to remain flat
-	-	-	N/A				
-	-	-	N/A				
-	-	-	N/A				
\$ 2,569,374	\$ 2,710,880	\$ 2,862,064	10%	-6%	6%	6%	

- Unusual and non-reoccurring revenue in 2008 & 2009
- Unusually large building permit in 2009 and 2010

TOWN OF DEERPARK
Three Year Financial Plan, Fiscal Years
General Fund Expenditures

2011-2013

Expenditures by Object

Actual					Estimated
2006	2007	2008	2009	2010	
\$ 953,317	\$ 1,146,995	\$ 1,202,353	\$ 1,161,025	\$ 1,196,418	
74,208	61,212	7,633	44,135	40,041	
927,546	804,995	614,137	914,449	793,542	
-	-	66,693	52,983	191,606	
363,519	341,500	394,963	390,533	419,935	
-	-	-	-	-	
\$ 2,318,590	\$ 2,354,702	\$ 2,285,779	\$ 2,563,125	\$ 2,641,542	

Expenditures by Function

\$ 664,238	\$ 822,609	\$ 730,481	\$ 1,044,564	\$ 879,960	
716,656	900,431	875,953	863,422	913,076	
625	6,502	1,415	1,421	1,400	
89,938	100,804	113,605	108,165	116,580	
66,462	75,838	63,933	50,706	63,815	
28,740	26,856	20,596	28,277	35,003	
388,411	80,161	18,140	23,054	20,167	
363,520	341,501	394,963	390,533	419,935	
-	-	66,693	52,983	191,606	
-	-	-	-	-	
-	-	-	-	-	
\$ 2,318,590	\$ 2,354,702	\$ 2,285,779	\$ 2,563,125	\$ 2,641,542	

Object and Function may not match in outyears, but should be close.

\$0 \$0 \$0 \$0 \$0

* Required by AIM legislation.

			Avg Ann Increase 2005- present	Assumptions			
2011	Projected 2012	2013		2011	2012	2013	Description
\$ 1,237,602	\$ 1,272,670	\$ 1,310,850	6%	3%	3%	3%	No new positions + min increase
44,777	33,500	33,500	-14%	12%	-25%	0%	Police cars only 2011 thru 2013
849,545	847,831	867,272	-4%	7%	0%	0%	Plan to reduce costs on controllable expenses
186,050	185,400	179,600	N/A	---	---	---	Based on loan amortization schedule
468,324	483,109	517,484	4%	12%	3%	7%	Historical trend
-	-	-	N/A				
\$ 2,786,298	\$ 2,822,510	\$ 2,908,706	3%	5%	1%	3%	

\$ 973,793	\$ 970,743	\$ 997,391	7%	11%	0%	3%	Computation based on Exp by Object
934,412	952,609	979,426	6%	2%	2%	3%	Computation based on Exp by Object
2,000	2,000	2,000	22%	43%	0%	0%	Computation based on Exp by Object
121,866	124,020	127,260	7%	5%	2%	3%	Computation based on Exp by Object
43,900	43,980	44,062	-1%	-31%	0%	0%	Computation based on Exp by Object
21,573	25,542	25,633	5%	-38%	18%	0%	Reinstate youth programs in 2011
34,380	35,107	35,850	-52%	70%	2%	2%	Computation based on Exp by Object
468,324	483,109	517,484	4%	12%	3%	7%	Computation based on Exp by Object
186,050	185,400	179,600	N/A	---	---	---	Based on loan amortization schedule
-	-	-	N/A				
-	-	-	N/A				
\$ 2,786,298	\$ 2,822,510	\$ 2,908,706	3%	5%	1%	3%	

\$0 \$0 \$0

Note: All expenditures derived from detailed expenditure worksheets

TOWN OF DEERPARK

Three Year Financial Plan, Fiscal Years 2011-2013

General Fund Surplus (Deficit) and Reserves

	Actual				Estimated
	2006	2007	2008	2009	2010
Surplus (Deficit)	\$ (432,484)	\$ (422,117)	\$ (520,460)	\$ 1,423,766	\$ 92,037
Budgetary Reserves*					
Fund Equity, Beg. of Year	589,729	157,245	(264,872)	(777,856)	645,910
Prior Period Adjustment			7,476	-	
Fund Equity, End of Year	157,245	(264,872)	(777,856)	645,910	737,947
Reserved Fund Balance - Capital	-	-	-	-	-
Reserved Fund Balance - Employee Benefits	-	-	-	-	-
Reserved Fund Balance - Special Revenue	4,600	7,906	17,492	25,569	39,000
Unreserved Fund Balance - Appropriated*	325,000	450,000	-	145,000	255,000
Unreserved Fund Balance - Unappropriated*	\$ (172,355)	\$ (722,778)	\$ (795,348)	\$ 475,341	\$ 443,947

* Required by AIM legislation.

Projected		
2011	2012	2013
\$ (216,924)	\$ (111,630)	\$ (46,642)
737,947	521,023	409,393
521,023	409,393	362,751
30,000	60,000	90,000
2,000	4,000	6,000
39,000	39,000	39,000
-	-	-
\$ 450,023	\$ 306,393	\$ 227,751

TOWN OF DEERPARK**Three Year Financial Plan, Fiscal Years****2011-2013****Highway Fund**

	Actual				Estimated
	2006	2007	2008	2009	2010
Revenues					
Real Property Tax and Tax Items*	\$ 612,424	\$ 616,205	\$ 681,066	\$ 1,162,099	\$ 1,134,380
Sales and Use Tax	450,000	307,392	408,500	293,228	280,000
Other Local Revenue	60,624	51,136	28,883	45,042	32,078
State Aid	128,354	160,447	146,585	245,710	154,817
Federal Aid	92,970	130,302	176,405	133,402	364,403
Total Revenues*	1,344,372	1,265,482	1,441,439	1,879,481	1,965,678
Expenditures					
Personal Services*	519,622	497,899	557,566	579,174	565,548
Equipment and Capital Outlay*	156,420	141,925	54,082	420,629	526,165
Contractual*	409,036	373,390	398,638	333,587	349,500
Debt Service (Principal and Interest)*	-	-	75,878	73,141	70,405
Employee Benefits*	403,593	327,994	391,144	394,745	387,593
Interfund Transfers to other funds	-	-	-	-	-
Total Expenditures*	1,488,671	1,341,208	1,477,308	1,801,276	1,899,211
Surplus (Deficit)	(144,299)	(75,726)	(35,869)	78,205	66,467
Budgetary Reserves					
Fund Equity, Beg. of Year	330,068	185,769	110,043	74,174	152,379
Fund Equity, End of Year	185,769	110,043	74,174	152,379	218,846
Reserved Fund Balance - Encumbrances	-	-	25,936	-	-
Reserved Fund Balance - Highway Equipment					
Reserved Fund Balance - Inventory*	107,372	104,570	102,013	99,616	97,116
Unreserved Fund Balance - Appropriated*	50,000	150,000	-	-	-
Unreserved Fund Balance - Unappropriated*	\$ 28,397	\$ (144,527)	\$ (53,775)	\$ 52,763	\$ 121,730

Projected			Avg Ann Increase 2005- present	Assumptions			Description
2011	2012	2013		2011	2012	2013	
\$1,151,943	\$ 1,244,098	\$ 1,343,626	17%	2%	8%	8%	Min 8% increase in 2011 & 2012 to rebuild fund balance
281,500	289,945	298,643	-11%	1%	3%	3%	Assumes slow economic recovery
25,000	25,250	25,503	-15%	-22%	1%	1%	Primarily county reimbursement, expect minimal growth
143,000	143,000	143,000	5%	-8%	0%	0%	CHIPS - expected to remain flat
72,500	72,500	72,500	41%				Federal Stimulus Grant in 2010
1,673,943	1,774,793	1,883,272	10%	-15%	6%	6%	
564,757	581,700	599,151	2%	0%	3%	3%	Contract thru 2010; 4% in 2011
265,500	265,500	265,500	35%	-50%	0%	0%	CHIPS \$143K, Equipt \$50K (Stimulus grant in 2010)
343,000	352,630	362,549	-4%	-2%	3%	3%	Based on estimates by highway superintendant
67,668	64,932	-	N/A				Based on loan amortization schedule
450,518	504,048	566,655	-1%	16%	12%	12%	Based on information provided by vendors
-	-	-	N/A				
1,691,443	1,768,810	1,793,855	6%	-11%	5%	1%	
(17,500)	5,983	89,417					
218,846	201,346	207,329					
201,346	207,329	296,747					
5,000	10,000	60,000					
94,500	92,000	89,500					
20,000	-	-					
\$ 81,846	\$ 105,329	\$ 147,247					

TOWN OF DEERPARK

Three Year Financial Plan, Fiscal Years 2011-2013

Employment / Salary Negotiations

	Date of Contract	Length of Contract	Actual				Estimated
			2006	2007	2008	2009	2010
Percentage Increases by Bargaining Unit							
Police	1/1/2006	12/31/2008	3.5%	3.5%	3.5%	3.0%	3.0%
Highway	1/1/2007	12/31/2010	3.5%	3.5%	3.5%	3.5%	3.5%
Civil							
Other							
Number of Employees							
Total*			64	68	72	62	71
Full-time			23	24	28	27	27
Part-time			36	35	35	28	34
Seasonal			5	9	9	7	10
Full-time equivalents (FTEs)							

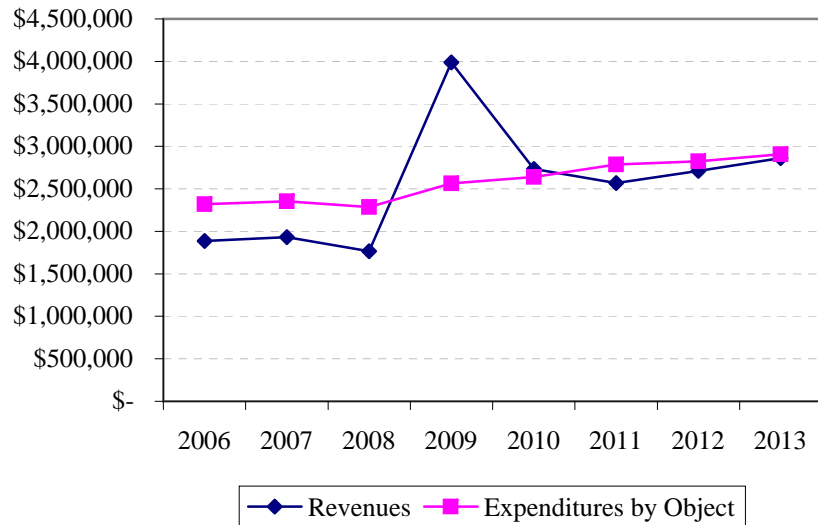
The Highway Fund contract also includes longevity increases.

* Required by AIM legislation.

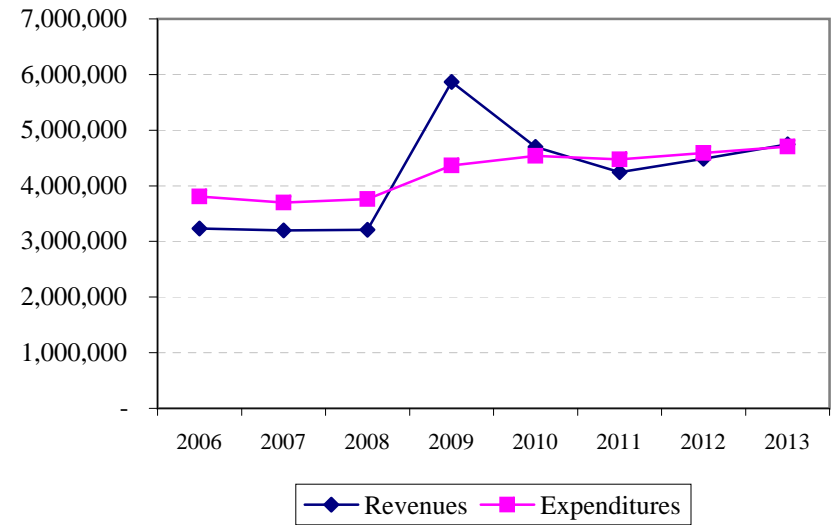
	Projected		
	2011	2012	2013
	3.0%	To be negotiated	
		To be negotiated	

	61	66	66
	22	22	22
	39	39	39
	0	5	5

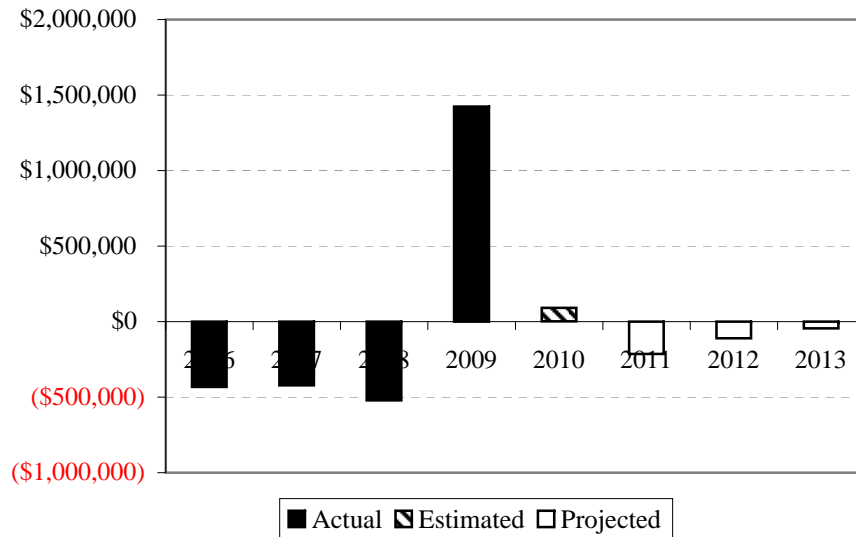
General Fund: Revenues and Expenditures



Major Funds: Revenues and Expenditures



General Fund: Surplus (Deficit)



Major Funds: Surplus (Deficit)

