

VILLAGE OF TUXEDO PARK
P.O. BOX 31
80 LORILLARD ROAD
TUXEDO PARK, NEW YORK 10987

Gerard B. Pompan
Chief Budget Officer

March 29, 2011

Village of Tuxedo Park Property Owners:

As you are aware, it is that time of year when the Village formulates its budget for the upcoming 2012 fiscal year. The public hearing for the 2012 Tentative Budget is being held April 6th at 7:30 p.m. at the Village Hall. I strongly encourage all to attend. I am aware that due to conflicting schedules, many will not be able to attend. In fact, I personally will not be there. Thus, I wanted to take the opportunity to share with everyone the process that I and the Board of Trustees went through to derive this Tentative Budget.

The process, in fact, started several weeks ago with the annual Village grievance hearing which is administered by the Board of Trustees along with our Village Real Property Assessor, John Ledwith. The past couple of years have been economically challenging, and this challenge has impacted home and property valuations nationwide, and Tuxedo Park has been no exception. The Village Real Property Assessor reacted to the economic environment by evaluating the property valuations in the Village, and concluding that in large part it dictated a 12% reduction in Village property valuations. On grievance day a number of home/property owners further grieved their property's assessed value.

The Board of Assessment Review, which is composed of the members of the Board of Trustees, took these grievance requests under advisement and approached the question of current property valuations by applying several valuation approaches, including those being suggested by New York State guidelines for valuing property for property assessment purposes. One approach involves looking to recent third party sales in the "ordinary course" and extrapolating a valuation based on similarities of the properties as well as distinguishing characterizations. The factors considered, among other things, are square footage, number of bedrooms and bathrooms, location, acreage and overall condition of the property, including recent renovations. A second, contemporaneous, approach of the Board entailed comparing each home/property to comparable ones in the Village applying the same criteria. After completing this analysis, the Board either accepted, modified or rejected the grievance claim.

The importance of the above described process is that the aggregate property valuation of the Village will have a direct impact on our ultimate tax rate, which will be applied to the assessed value of each of our homes/property.

The budget process engages all our Village department heads, their Board liaisons and ultimately the entire Board and the community at large.

Our operating and capital budgets continue to be economically challenging. Many of our expenses are not solely within our control as I will point out. Other expenses are for needed equipment replacements and continued repairs to our aged infrastructure.

In light of this, we have seen our departments continue to show fiscal discipline and either reduce costs or keep them constant. And we continue to reduce our legal budget as our gates litigation winds down, and we closely monitor events to avoid any unnecessary legal controversies where possible.

We are, though, a "living and breathing" community, and we are subject to rising costs, as well as unexpected and unplanned circumstances such as the number of severe snow falls we have endured this winter.

New York State, while focusing on costs, still sent us a bill increasing our pension contribution by \$62,000 for fiscal 2012, about a 40% increase. And, as we are all aware, healthcare costs continue to increase, and we continue to seek a cost saving solution and alternative to New York State sponsored insurance.

Our goal as a Board is to provide the services the community demands while challenging all current and future costs. After a detailed review and challenge to each line item, over the past several weeks, I have presented to the Village a proposed tentative budget of \$3,658,863 for our 2012 fiscal year.

This compares to our budget of \$3,756,352 for the current fiscal year.

With a reduced overall property valuation for the Village, our tax rate is proposed to increase by 12.6%. The "math" of applying our tax rate factor to the Village's aggregate property assessments will thus produce the bulk of the Village's operating cash flow, as shown in the budget. For most of us individually, this will result in a slight reduction in Village taxes or else remain very close to the Village taxes paid in fiscal 2011.

We continue to live in challenging economic times. This fiscal year as well as those in the future will test our discipline for fiscal responsibility, but we can never forget that a significant number of our costs are fixed and dictated by others. We continue to be cognizant of that and hope for a recovery in our economy and property valuations.

I hope this has at least helped frame our Village's financial circumstances. If you have any questions please do not hesitate to email me at gpompan@gmail.com, or address them to the Mayor and Board at the public hearing. It is our goal to ensure that the community understands how our finances are developed and how our money is spent.

Thank you,

A handwritten signature in black ink, appearing to read 'Gary Pompan', with a long, sweeping horizontal line extending to the right.

Gary Pompan
Chief Budget Officer