

5.0 FISCAL CONDITIONS

One element of the research work done prior to the preparation of this Town Plan resulted in a report titled "Planning Analysis 4: Public Facilities and Fiscal Impact," dated June 1983. Section II of that report reviewed Lewisboro's public economic situation by: identifying sources of revenue for Town government and school district budgets, evaluating the size and makeup of Lewisboro's property tax base, and assessing recent trends in Town and school district budgets. As a summary it discussed property tax rate trends and levels. What follows are highlights of this extensive analysis.

5.1 Sources of Revenue

Table 12, "Town and School District Budget Revenue Sources," shows the results of a review of revenue sources for local budgets between 1975 and 1983. Three budgets were examined: the Town General Fund which covers the operating costs of all Town departments, programs and services excluding road maintenance but including the Highway Superintendent's office, the Town Highway Fund which covers all road maintenance and highway employee costs, and the School District budget which includes all operating costs of the School District.

The General Fund has consistently been the local budget least dependent on property tax revenue but even so, just under one-half of this fund's income is generated through property taxes. The percentage share has not altered significantly over the nine-year period studied. Department income, money received in the form of permit and license fees and charges for service, has been increasing steadily since 1975 rising from 18% to 26% of all revenue. This indicates that the Town is capturing a significant amount of its costs of operation from the individuals who are actually requiring services. The level of revenue provided by the State and Westchester County are beyond the Town's control. It is likely that the trend of decreasing contributions will continue.

The Highway Fund is the most dependent of all local budgets on property tax revenue although this dependency has decreased from over 94% of the total budget in 1975 to 83% in 1983.

The percentage of the school district budget revenue derived from the property tax is moving in the opposite direction - slowly but consistently increasing. This is a result of the steady decrease in the level of State aid received which as recently as 1971 accounted for as much as 31% of total revenues. It is likely that the trend toward lesser State funding participation will continue for several years.

Table 12
TOWN AND SCHOOL DISTRICT BUDGET REVENUE SOURCES
1975 - 1983
(percentage of total budget revenue)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
GENERAL FUND									
Departmental Income	18.7	19.4	20.1	18.6	20.2	23.2	23.6	26.9	26.9
County Revenue	8.5	7.5	7.9	7.7	7.1	7.9	8.9	6.7	6.8
State Revenue	9.8	10.5	9.6	11.0	8.4	7.4	6.8	6.6	6.3
Federal Revenue	4.9	5.3	4.9	9.8	5.6	4.3	3.6	*	*
Surplus Applied	16.1	3.3	2.7	5.6	10.2	9.7	10.8	11.9	12.3
Property Tax Levy	<u>42.0</u>	<u>54.0</u>	<u>54.8</u>	<u>47.3</u>	<u>48.5</u>	<u>47.5</u>	<u>46.3</u>	<u>47.9</u>	<u>47.7</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
HIGHWAY FUND									
Revenues and Surplus	5.5	7.3	14.4	6.9	7.2	4.7	15.2	16.0	16.4
Property Tax Levy	<u>94.5</u>	<u>92.7</u>	<u>85.6</u>	<u>93.1</u>	<u>92.8</u>	<u>95.3</u>	<u>84.8</u>	<u>84.0</u>	<u>83.6</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SCHOOL DISTRICT									
State Revenue	23.2	22.3	21.6	20.8	20.7	20.2	20.1	18.9	18.0
Other Sources	4.5	4.2	5.7	4.8	5.0	5.6	3.7	2.8	4.1
Property Tax Levy	<u>72.3</u>	<u>73.5</u>	<u>72.7</u>	<u>74.4</u>	<u>74.3</u>	<u>74.2</u>	<u>76.2</u>	<u>78.3</u>	<u>77.9</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COMPOSITE LOCAL BUDGETS									
Other Sources	28.5	26.9	27.9	26.6	26.6	26.6	25.6	23.6	24.0
Property Tax Levy	<u>71.5</u>	<u>73.1</u>	<u>72.1</u>	<u>73.4</u>	<u>73.4</u>	<u>73.4</u>	<u>74.4</u>	<u>76.4</u>	<u>76.0</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Federal Revenue Sharing not included in General Fund.

Source: Town of Lewisboro Receiver of Taxes Records
Katonah-Lewisboro School District

The set of figures at the bottom of Table 12 show a composite review of the level of dependency of local budgets on the property tax. Since 1975, the composite property tax share has increased from 71.5% to 76%. Without any fundamental change in the means in which local governments and school districts are financed, a community's property tax base will continue to be of great importance in local decision-making and financial health.

5.2 Tax Base Trends

Lewisboro's property tax base is determined through the annual tax assessment roll. This document contains an inventory of every property (tax lot) in the Town. It places an assessed valuation on each property for both the land itself and for any improvements. The assessed valuation is intended to be a percentage of the true market value of a property. The official "Equalization Rate," set by Westchester County and defined as the percentage of market value represented by assessed valuation, was approximately 65% for the 1982 roll.

Figure 6 graphically shows the size of Lewisboro's tax base for each year between 1970 and 1982 along with a calculation of "market value" based on the County equalization rate. Discounting 1973 because of the Town-wide reassessment, the data report that the Town has had a consistent annual percentage increase in assessed valuation. The market value increase has been considerably higher. These trends indicate a fairly constant level of development activity that has not included any major single investments.

The composition of the 1982 tax roll in terms of land use is shown in Figure 7. The graph indicates that 80% of the property tax levy paid in 1983 came from residential property owners and 3% from owners of commercial operations.

5.3 Town Budgets

As Lewisboro has grown, so has the level of government services provided by the Town and the cost of providing those services. The general fund and highway fund have shown an average annual increase of 10.5% for the 13 year period, 1970 through 1983. If inflation is removed from consideration by applying the Consumer Price Index and converting the budget figure to "Constant 1967 Dollars," both funds show an average annual increase of approximately 3%. (The 1983 appropriations were \$1.466 million for the general fund and \$1.065 million for the highway fund.)

The amount of the Town's revenue for both funds which is raised through the property tax levy has increased at an average annual rate of approximately 8.6% for the period 1970 through 1983. The average annual increase in the levy

FIGURE 6
LEWISBORO TAX BASE
1970-1982

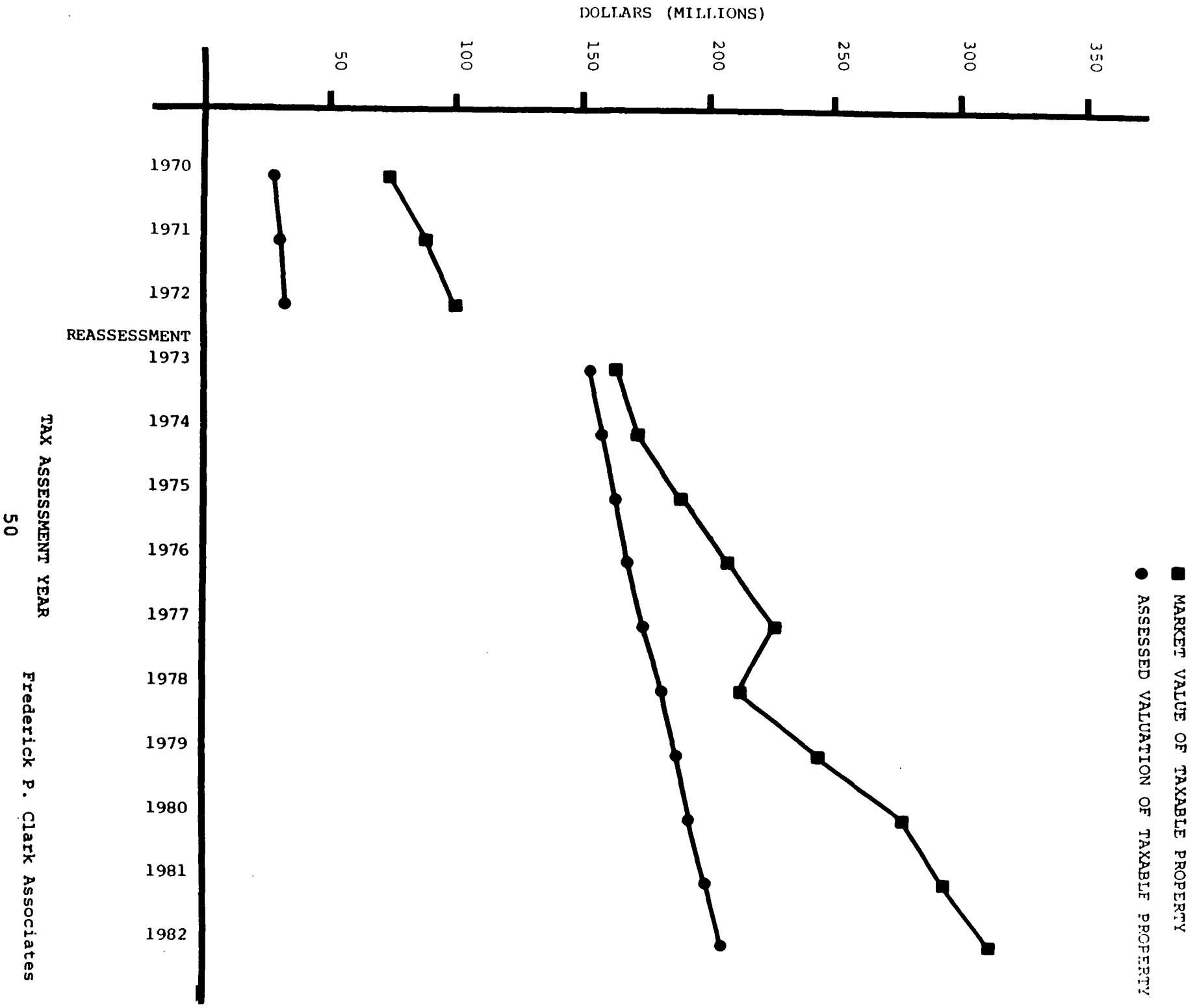
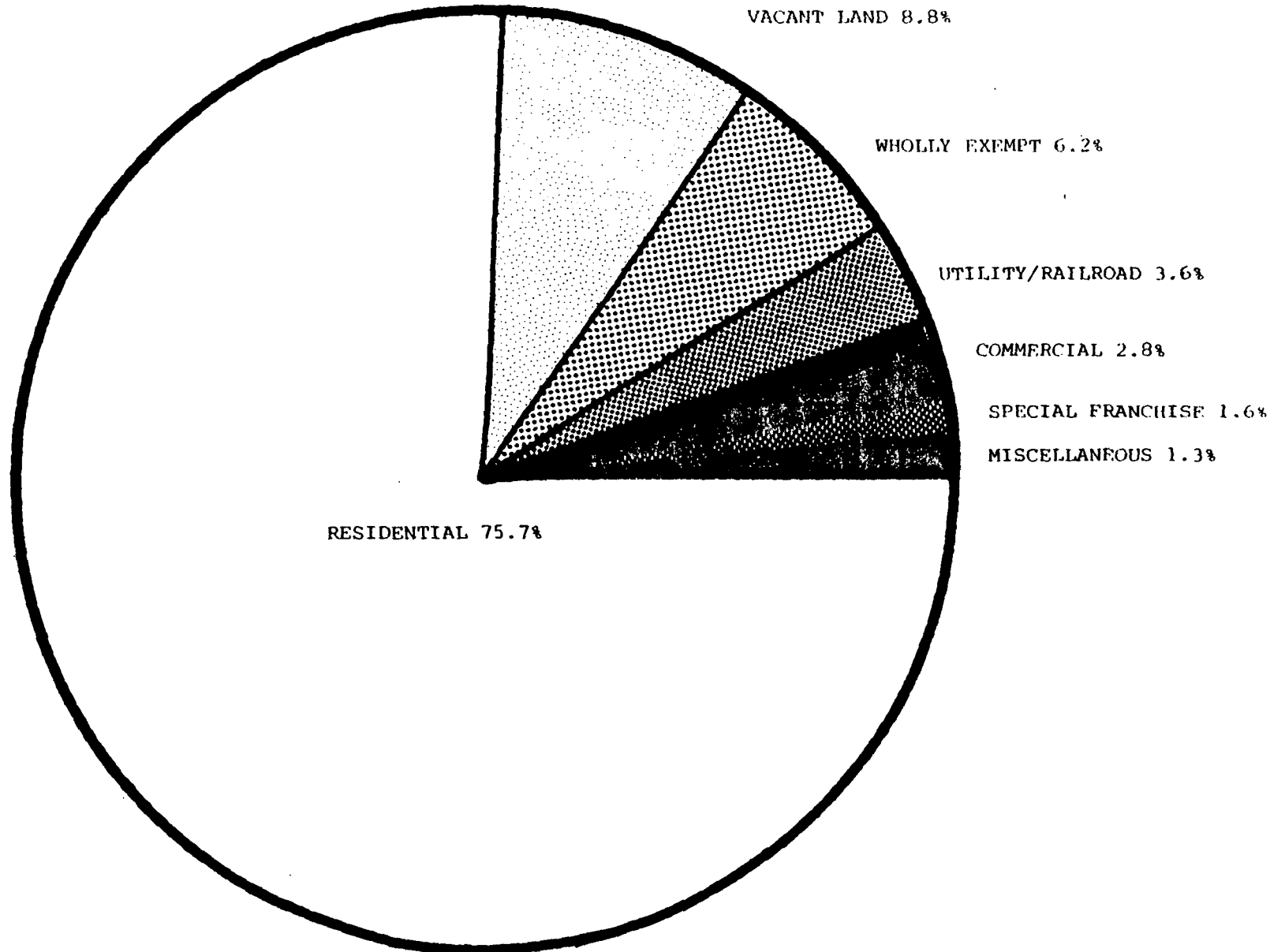


FIGURE 7

COMPOSITION OF LEWISBORO'S TAX ASSESSMENT ROLL*

1982



*Percentage of assessed valuation of all property

Frederick P. Clark Associates

after discounting inflation has been less than 1% since 1970. (The 1983 Town tax levy was \$1.590 million.)

Table 13, "Cost Trends," utilize U.S. Census population and housing unit numbers to identify Town government cost trends both in actual dollars and "Constant 1967 Dollars." The average cost of operating the Town government on a per capita and per housing unit basis doubled between 1970 and 1980. However, the actual share of the cost paid for by property owners in Lewisboro through the property tax had a lower percentage increase, approximately 75% per resident and 71% per housing unit.

When Town government costs are examined in "Constant 1967 Dollars" a different picture emerges. The total budget cost rose \$3 per resident and \$3 per housing unit. In terms of only that share of the budget raised through the tax levy, there was a decrease in the cost per resident of \$9 and per housing unit of \$29.

5.4 School District Budgets

Different trends are identified in an analysis Katonah-Lewisboro School District budgets. On a percentage basis, the school district budgets have not been increasing as fast as the Town budgets. The average annual increase in the school district budget was approximately 8% between the 1971-72 and 1983-84 academic years. In "Constant 1967 Dollars" that represents an average annual increase of less than 1%. The amount of the district budget paid for by Lewisboro property owners through the property tax has increased at a greater rate than the budget itself, approximately 11% annually or 4% annually in "Constant 1967 Dollars."

Table 14, "School District Expenditures," reviews school costs in terms of expenditures per student. The fact that the school district has experienced a decline in enrollment since 1972 compounds the above discussed increase in the school's operating budget. Since 1971, the average gross expenditure per student has risen at an average annual rate of 9.7% to a projected 1983-84 cost of over \$6,000 per student. In terms of "Constant 1967 Dollars," the cost has risen at an average annual rate of 1.9%. The property tax levy per student has shown a greater increase, an average of 11% per year. In "Constant 1967 Dollars," the average annual increase was 3.3% between 1971-72 and 1982-83.

Table 15, "Cost Trends," examines the trend in school district costs between 1970 and 1980 as they relate to population and housing units in the Town of Lewisboro. Over the ten year period, the population and number of housing units

Table 13
Town of Lewisboro
TOWN GOVERNMENT COST TRENDS
1970 to 1980

	<u>1970</u>	<u>1980</u>	<u>Percentage Change</u>
Population	6,610	8,871	+ 34.2
Total Housing Units	2,198	3,006	+ 36.8

In Actual Dollars:

Total Town Budget	\$694,762	\$1,919,955	+ 176.3
Average Cost per Resident	105	216	+ 105.9
Average Cost per Housing Unit	316	639	+ 102.1
Total Town Tax Levy	\$550,390	\$1,288,026	+ 134.0
Average Tax Levy per Resident	83	145	+ 74.9
Average Tax Levy per Housing Unit	250	428	+ 71.4

In Constant 1967 Dollars:

Total Town Budget	\$583,834	\$ 809,424	+ 38.6
Average Cost per Resident	88	91	+ 3.7
Average Cost per Housing Unit	266	269	+ 1.2
Total Town Tax Levy	\$462,513	\$ 543,013	+ 17.4
Average Tax Levy per Resident	70	61	- 12.5
Average Tax Levy per Housing Unit	210	181	- 14.0

Source: U.S. Census 1970 and 1980
Town of Lewisboro Receiver of Taxes Records
Consumer Price Index, U.S. Department of Commerce (1967 = 100)

Table 14
KATONAH-LEWISBORO SCHOOL DISTRICT EXPENDITURES AND TAX LEVY PER STUDENT
1970-1983

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YEAR	AVERAGE GROSS EXPENDITURES PER STUDENT				PROPERTY TAX LEVY PER STUDENT			
	Actual Amount	Percentage Change	Constant 1967 Dollars	Percentage Change	Actual Amount	Percentage Change	Constant 1967 Dollars	Percentage Change
1971-72	\$1,996	-	\$ 1,585	-	\$1,351	-	\$ 1,073	-
1972-73	2,120	6.2	1,613	1.8	1,482	10.0	1,128	5.1
1973-74	2,289	8.0	1,638	1.5	1,615	9.0	1,156	2.5
1974-75	2,551	11.4	1,648	0.6	1,841	14.0	1,189	2.8
1975-76	2,844	11.5	1,707	3.6	2,057	11.7	1,235	3.9
1976-77	3,057	7.5	1,734	1.6	2,246	9.2	1,274	3.2
1977-78	3,343	9.3	1,802	3.9	2,430	8.2	1,310	2.8
1978-79	3,542	5.9	1,806	0.2	2,636	8.5	1,344	2.6
1979-80	3,744	5.7	1,757	-2.7	2,781	5.5	1,305	-2.9
1980-81	4,286	14.5	1,807	2.8	3,181	14.4	1,341	2.8
1981-82	4,754	10.9	1,825	1.0	3,620	13.8	1,390	3.6
1982-83	5,380	13.2	1,952	6.9	4,214	16.4	1,529	10.0
1983-84 (estimate)	6,022	11.9	NA	-	4,689	11.3	NA	-

Source: Katonah-Lewisboro School District; see Tables 8 and 15.
Consumer Price Index for first calendar year of each academic year,
U. S. Department of Commerce (1967 = 100).

Table 15
SCHOOL DISTRICT COST TRENDS
1970 to 1980

	<u>1970</u>	<u>1980</u>	<u>Percentage Change</u>
Population	6,610	8,871	+ 34.2
Total Housing Units	2,198	3,006	+ 36.8

In Actual Dollars:

Property Tax Levy (Town of Lewisboro Share)	\$2,117,757	\$6,340,255	+ 199.4
Average Cost per Resident	320	715	+ 123.4
Average Cost per housing Unit	963	2,109	+ 119.0

In Constant 1967 Dollars:

Property Tax Levy (Town of Lewisboro Share)	\$1,779,628	\$2,672,957	+ 50.2
Average Cost per Resident	269	301	+ 12.0
Average Cost per housing Unit	810	889	+ 9.8

Source: U.S. Census 1970 and 1980
Town of Lewisboro Receiver of Taxes Records
Consumer Price Index, U.S. Department of Commerce (1967 = 100)

grew by over 30%; the school district property tax levy per resident and per housing unit more than doubled. When examined in terms of "Constant 1967 Dollars," the average cost per resident shows a 12% increase and the average cost per housing unit a 10% increase.

5.5 Property Tax Rates

One number which is of great interest to property owners is the property tax rate as applied to each \$1,000 of assessed valuation. The total tax rate is made up of several components including the Town's general and highway funds, the school district levy, Westchester County and New York State levies, plus several special levies established by fire and lighting districts which are not included in this analysis. The school district assessment makes up the bulk of the levy, usually greater than 65% of the total. In recent years, the Town of Lewisboro levy has not exceeded 14% of the total.

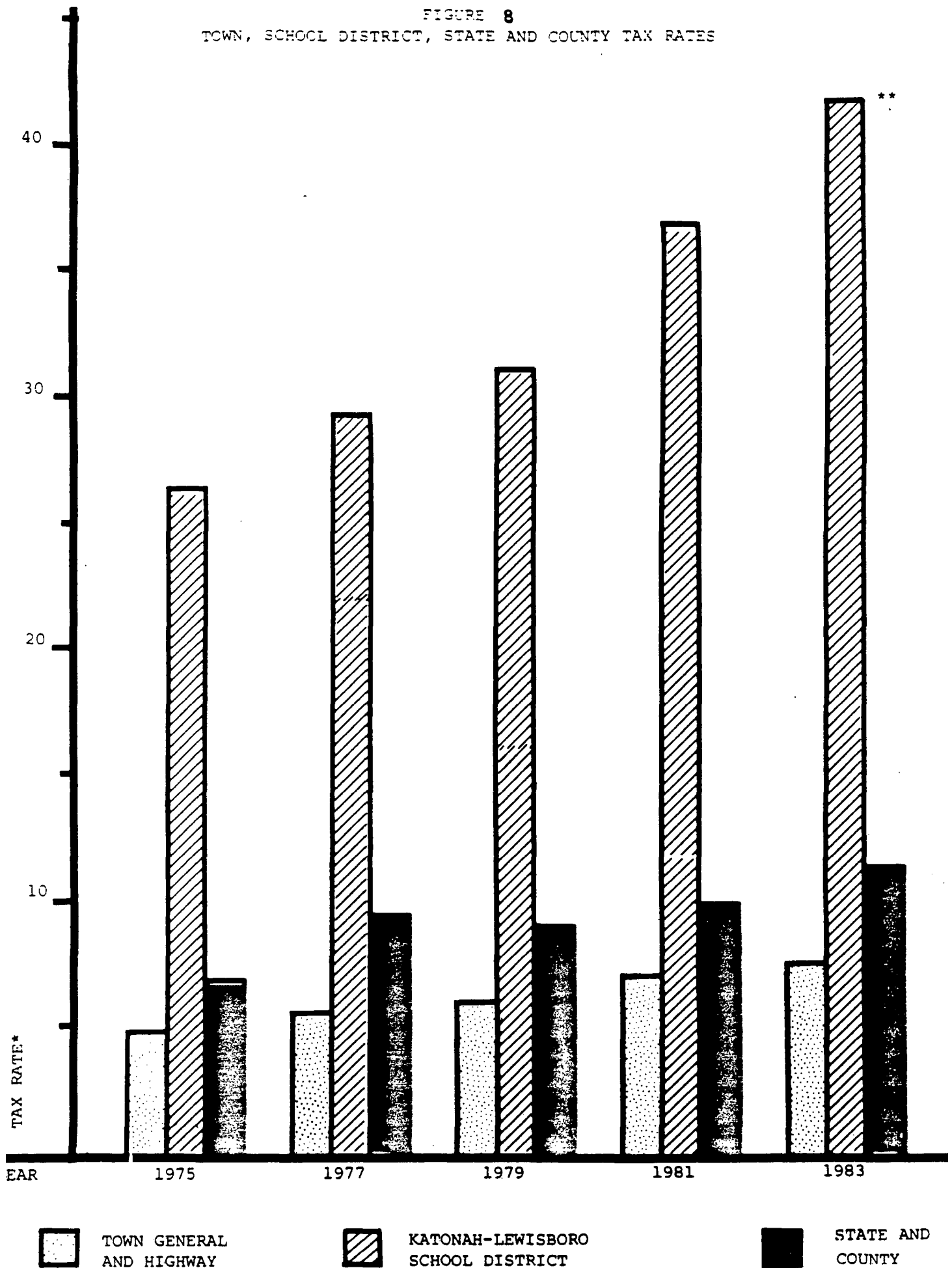
Figure 8 shows the property tax rates per \$1,000 of assessed valuation for the Town, Katonah-Lewisboro School District, New York State and Westchester County for representative years between 1973 and 1983. The total tax levy of these taxing authorities has had an average annual increase of 5.8%. The average annual increase for each component has been: Town general and highway 6.4%, school district 5.4%, and state and county combined 7.1%.

5.6 Summary

Without major changes made in funding responsibilities, the reliance of local governments and school districts on taxes on property as the primary means of deriving revenue will continue to increase. In Lewisboro, between 1975 and 1983, that dependency has grown from 71% to 76% of total local operating revenue. Some significant exceptions have been made. For example, the Town of Lewisboro captures over one-fourth of its general fund budget from individual users of services. However, the bulk of local expenses are found in the costs of education and there the Katonah-Lewisboro School District faces decreasing enrollment, increasing costs and diminishing State assistance.

The Town has had a steady annual increase in total assessed valuation which directly contributes to reducing the impact of increased government and school district costs. If the Town had not experienced the 3.1% increase in assessed valuation in 1981, generated mostly through new construction and development, the Town tax rate would have increased 6.8% in 1983 instead of 3.6%. The school district tax rate would have had to increase 7.8% instead of the projected 4.6%. An increasing tax base provides a significant hedge against rising government and education costs. These local costs

FIGURE 8
TOWN, SCHOOL DISTRICT, STATE AND COUNTY TAX RATES



Per \$1,000 of assessed valuation

have been almost entirely supported by residential property owners as commercial assessments have accounted for less than 3% of the Town's assessed valuation in recent years.