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Village of Prospect Dissolution Plan & Analysis

March, 2015

Prepared for
Village of Prospect

Prepared by
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DRAFT



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Summary

Incorporated in 1890, the village of Prospect is located within the town of Trenton in Oneida County, adjacent to NY 365. Trenton contains several small communities, including Prospect, the villages of Barneveld and Holland Patent, and portions of the village of Remsen. Prospect makes up approximately .2 square miles of Trenton's total area of 43.7 miles.

In 2014, Prospect applied for and was awarded a Local Government Efficiency (LGE) Grant from the New York Department of State. The village appointed a five-member Dissolution Study Committee and engaged the Center for Government Research (CGR) as study consultant. The Village Board charged the Committee to determine the feasibility and impact of dissolution and offer alternatives.

The Dissolution Study Committee consists of the following members: Stephen Godfrey (Town of Trenton Councilman), Lenore Lambert, Teresa (Penny) Mann, Kevin Pinkos, and Mary Zacek (chair).

The impetus for the dissolution study is the sizable obligation owed to the Oneida County Self-Insurance plan as a result of several workers' compensation claims filed in the last several years. This report represents the Committee efforts to answer the following questions:

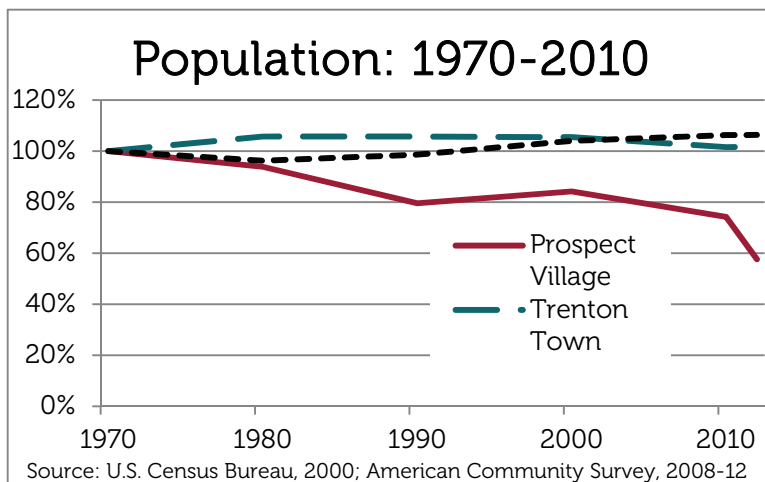
- How are municipal services currently delivered?
- If the village dissolved, what would happen to those services?
- What are the property tax implications of dissolution?
- What will the impact of the workers' compensation obligation be on property taxes?
- Will dissolution affect the workers' compensation obligation?
- If the village does not dissolve, are there alternative opportunities to reduce the workers' compensation obligation?

The goal of the study is to ensure that the village Board and residents of Prospect have the information needed to make an informed decision about the future of the village.

Study Context

Demographics

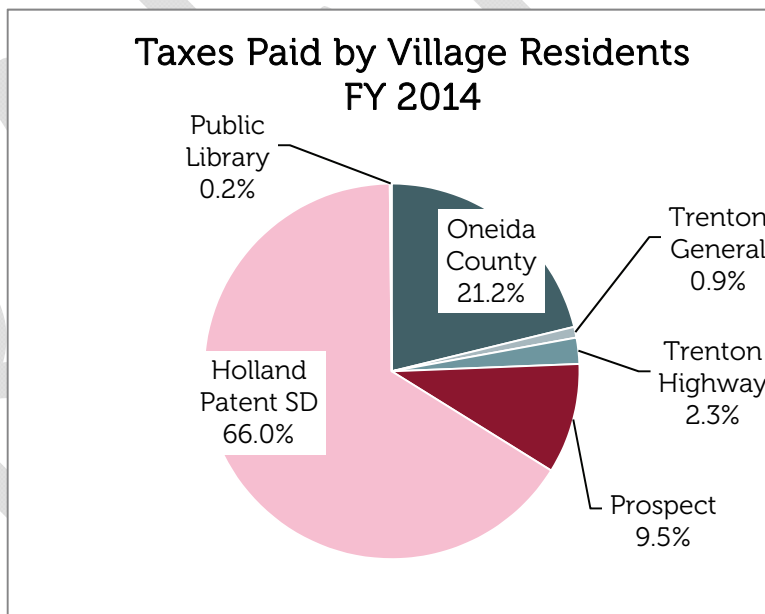
Prospect's population has fallen steeply in the last forty years, from nearly 400 in 1970 to an estimated 226 in 2012, a decrease of over 40%. In comparison, Trenton's population has gone up by 2%, and New York State's by 6%.



Where Local Tax Dollars Go

Property owners in Prospect pay taxes to several layers of government, with the largest by far being the school district of Holland Patent.

A relatively small portion (about 12%) of a village resident's tax burden goes toward either the village or town and could possibly be affected by dissolution. The combined tax rate—both Town of Trenton and Village of Prospect—in 2014 was \$5.88 per \$1,000 of assessed value (\$4.23/\$1,000 of full value).



Workers Compensation Claims

The impetus for this study is the burden of payments on workers compensation claims against the village. Part of the Oneida County Self Insurance Plan for Workers' Compensation, Prospect was presented with two claims—one in 2008 and another in 2013—from members of the volunteer Prospect Fire Department. Payouts of \$385,000 were made by the Oneida County Plan on behalf of the village. A medical claim arising from the 2008 injury continues.

Under the statute governing the plan, future premiums are calculated on the basis of the village's claim history. Despite the fact that the village ended its relationship with the volunteer firefighters, premiums are not affected this change. Were Prospect to remain in the plan, 2014 to 2020 premiums would total more than \$680,000.

The village has informed Oneida County that it will withdraw from the County Self-Insurance Plan as of January 1, 2016. After the scheduled premium for 2015 has been paid, Oneida County has determined that the net amount spent by the Plan on Prospect's behalf—and not reimbursed by the village—will be about \$335,000. One medical claim remains outstanding; the County has determined the fair buyout for that claim to be about \$200,000, after which the Village will have no liability from the outstanding claim. This report is based on the assumption that \$535,000 will be paid to the Plan over a 10 year period. While this remains a significant cost to village taxpayers, it is substantially less than the burden imposed by continuing to participate in the Self-Insurance Plan.

NOTE: Dissolution does not eliminate any obligations resulting from these claims. The report discusses this issue in greater detail.

Estimated Financial Impact of Dissolution

The full report explores a number of possible outcomes in detail. Dissolution would shift all village services to the town and can be expected to reduce annual taxes on the median home by between \$230 and \$240. The Village of Prospect also has assets that can be sold whether the village dissolves or not. A successful sale of assets (see assumptions in the full report) would reduce the annual property tax bill of the median home by between \$200 and \$220.

The estimated impact on tax rates can be summarized as follows:

- In the event that the village does *not* dissolve, the combined town and village tax rate in Prospect would rise from the current \$5.88 per \$1,000 assessed value to an estimated range of \$12 to \$16 per \$1,000 assessed value. The lower estimate assumes that the village finds buyers for its saleable assets.
- Dissolution brings some cost savings and also brings additional New York State aid to the merged community in the form of the Citizens Empowerment Tax Credit (CETC). Combined cost savings from dissolution and CETC revenue would reduce the property tax rate in the town of Trenton.

The combined town and village property tax rates on properties now within the village boundaries would change from the current \$5.88 per \$1,000 assessed value to an estimated range of \$7 to \$11 per \$1,000 assessed value. The lower value assumes that asset sales are successful, thus defraying a portion of the workers compensation obligation.

The following table estimates tax rate and payment changes for Prospect residents.

Estimated Property Tax for Prospect Residents	Prospect does not dissolve (range based on asset sales)	Prospect dissolves into Trenton (range based on asset sales)
Tax rate on assessed value, only levied on properties now in Prospect (\$4.40 in 2014)*	Est. \$10.06 to \$13.95	Est. \$5.43 to \$9.67
Trenton Tax Rate on assessed value (\$1.48 in 2014)	\$1.48	Est. \$1.12 to \$1.25
Combined Town & Village Tax Rate on assessed value (\$5.88 in 2014)	Est. \$11.54 to \$15.43	Est. \$6.55 to \$10.92
Prospect & Trenton Taxes Paid, Median Home (\$310 in 2014. Median AV=\$51,150; FV=\$71,042)	Est. \$590 to \$789	Est. \$335 to \$558
Total Property Taxes Paid (county, school, library, town, village, fire) Median Home (\$2,457 in 2014)	Est. \$2,746 to \$2945	Est. \$2,491 to \$2,714
Combined Town & Village annual savings due to dissolution alone (regardless of asset sales)	Est. \$231 to \$237	

* Were Prospect to dissolve, this figure would not be a village levy, but the amount levied by the town on owners of property within the current Prospect boundaries for the proposed debt and lighting districts. See more detail on the formation and composition of these districts in the report.

Acknowledgements

Thanks are due to the Dissolution Study Committee, particularly Mary Zacek; Mayor Franny Righi, Clerk-Treasurer Marcia Ellis, Trenton Supervisor Joe Smith, County Legislator Phil Sacco, and Harris Samuels and Mike Lally from Oneida County. John Bartow and the staff of the Tug Hill Commission provided very helpful support throughout the study.

Staff Team

Henry Druschel drafted most of this report and took the lead on background research. Kate Bell assisted with mapping.

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Introduction

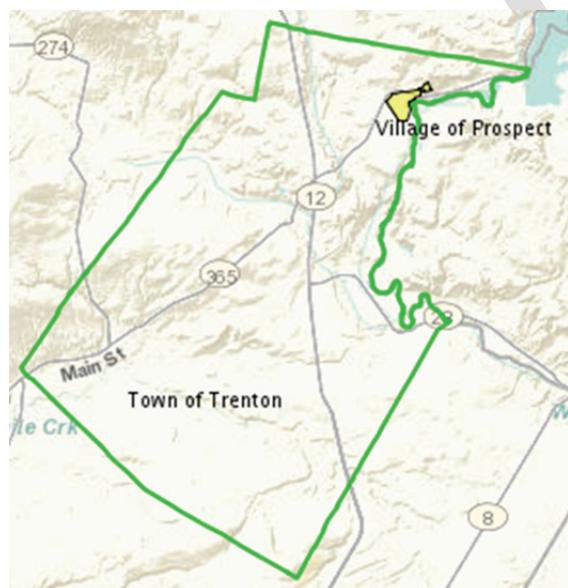
This document has been prepared by CGR on behalf of the Dissolution Study Committee (DSC) of the village of Prospect.

This report was prepared with funds provided by the New York Department of State under the Local Government Efficiency (LGE) Grant Program. In 2014, the village Board applied for and was awarded an LGE grant. The village appointed a five-member Dissolution Study Committee and engaged the Center for Government Research (CGR) as a study consultant. The Board charged the Committee to determine the feasibility and impact of dissolution and offer alternatives.

The Dissolution Study Committee consists of the following members: Stephen Godfrey (Town of Trenton Councilman), Lenore Lambert, Teresa (Penny) Mann, Kevin Pinkos, and Mary Zacek (chair).

Background Information

History and Geography

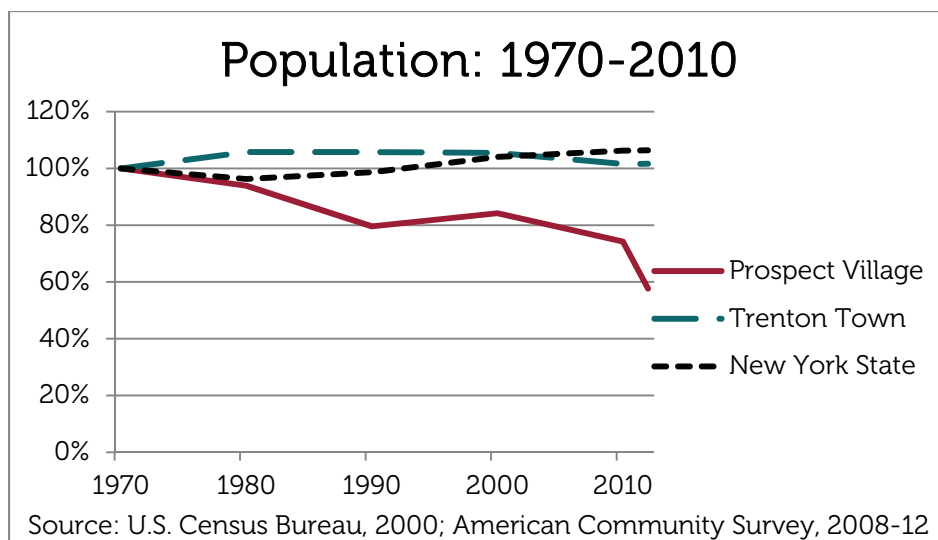


Source: Bureau of the Census

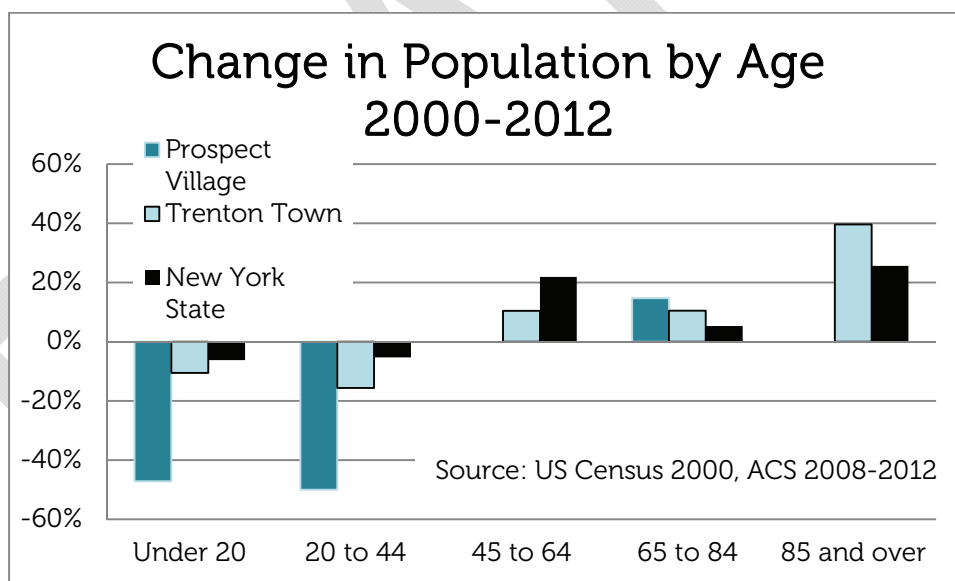
The village of Prospect is located within the town of Trenton in Oneida County and was incorporated in 1890. Adjacent to NY 365, Prospect is one of several small communities in Trenton, including the villages of Barneveld and Holland Patent and a portion of the village of Remsen. Prospect is approximately .2 square miles of Trenton's total area of 43.7 square miles.

Population and Demographics

Prospect's population has fallen steeply in the last forty years, from nearly 400 in 1970 to an estimated 226 in 2012, a decrease of over 40%. In comparison, Trenton's population has gone up by 2%, and New York State's by 6%.



The majority of that population decrease appears to stem from the effects of younger residents leaving Prospect or remaining residents aging without new children. From 2000 to 2012, the number of residents 45 and older fell slightly, while the number of residents younger than 45 fell by about half.



As of 2008-12, Prospect's median household income (about \$60,000) was slightly higher than the state's and somewhat lower than all of Trenton's (at about \$69,000). That figure represents a 9% decrease from the village's median income in 2000. Despite that, over the same period the village's poverty rate fell from 5% to 4%, and remains slightly below Trenton's (6%) and well below New York State's (15%).

Impetus for the Study

Prospect is part of the Oneida County Self Insurance Plan for Workers' Compensation. Premiums are based on administrative costs and the average share of payouts each municipality has been responsible for over the last five years. Until recently Prospect paid approximately \$300 per year in premiums to the plan.

In 2008, the village was faced with a workers' compensation claim resulting from an injury occurring at a Prospect Fire Department function, and a second claim stemming from an injury to a firefighter was filed in 2013. Both claims would eventually be settled, and as a result, approximately \$385,000 was paid out of the Oneida County Plan on Prospect's behalf from 2008 through 2014. In the context of the county statute governing the Plan, these payouts would trigger premiums for the village from 2014 to 2020 totaling more than \$680,000. The village is therefore faced with an oncoming burden of unprecedented size, and it was suggested that dissolution could be a path to some relief.

This study considers the village's status before the increased premiums, the estimated burden of the premiums, the likely financial implications of the village choosing to leave the Plan, the effects of dissolution on service delivery and cost, and the impact of any possible alternatives to dissolution.

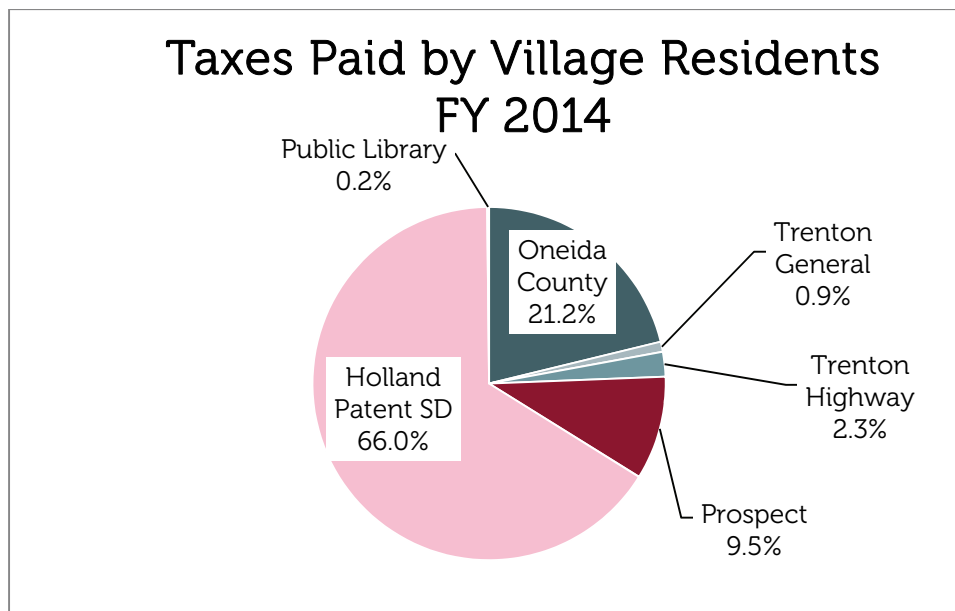
Village Overview

The following sections are meant to provide a snapshot of Prospect's status prior to the full impact of the workers' compensation claims, including tax levels faced by residents, expenditures and revenues for the different budgetary funds, current staffing levels, services provided by the village, main revenue streams, and any assets or obligations held. Where relevant, information about the town of Trenton and town-outside-village (TOV) residents is provided as well.

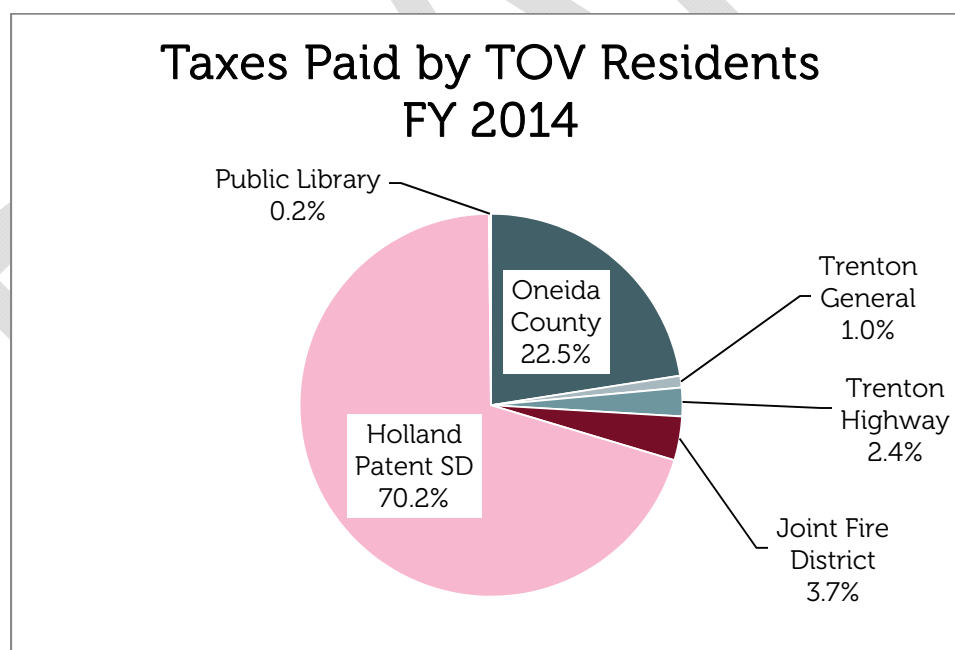
Finance

Where Local Tax Dollars Go

Property owners in Prospect pay taxes to several layers of government, with the largest by far being the school district of Holland Patent.



A relatively small portion (about 12%) of a village resident's tax burden goes toward either the village or town and could possibly be affected by dissolution. For residents of Trenton who don't live in Prospect, the potential impact is even smaller, with Trenton taxes making up between 3% and 4% of their total taxes paid.



Town outside village (TOV) residents also pay the majority of their taxes to the school district* and the county, and so even major changes in town taxes relative to their current levels would have a comparatively small effect on overall tax burden.

The following table summarizes the property tax per \$1000 assessed valuation (AV) that Prospect and TOV residents pay. In the 2014 fiscal year, village residents paid \$47.44 per \$1000 AV, and TOV residents paid between \$41.49 and \$41.43 per \$1000†. Averages of the taxes paid over the last five fiscal years (2010-2014) can be found in Appendix A.

2014 Property Tax Rates

Taxing Jurisdiction	In Village of Prospect	In Trenton Outside Village
Oneida County	\$9.83	\$9.83
School District	\$30.62	\$28.92-\$30.80
Public Library	\$0.08	\$0.08-\$0.99
Town of Trenton	\$1.48	\$1.48
Trenton Fire	n/a	\$1.62
Village of Prospect	\$4.40	n/a
Total	\$46.41	\$41.93-\$44.72

Source: Oneida County Finance Department, Real Property Tax Services Division; Village of Prospect Budget; Town of Trenton Budget

Summary for Homes of Median Value

The following table provides a summary of the actual property taxes paid to the various levels of government by hypothetical homeowners in Prospect and in Trenton whose homes are valued at approximately \$51,000, the median AV in Prospect as calculated using the village's assessment roll and equalization rate. Again, averages of the amounts paid over the last five fiscal years can be found in Appendix A, with the median home value held constant at approximately \$51,000.

* Some small parts of Trenton lie in the Remsen and Whitesboro school districts, rather than Holland Patent, and as such face different school and library tax levies, both of which are paid to the school district. The amounts vary only slightly, and the percentages are extremely similar.

† This figure does not take into account taxes levied on residents of other villages, or in any special districts that may exist within Trenton.

Property Taxes Paid by Median Homeowner, FY 2014

	Prospect Resident	Trenton Resident
Oneida County	\$503	\$503
Town of Trenton	\$76	\$76
Trenton Fire	--	\$83
Prospect	\$225	--
Holland Patent SD	\$1,566	\$1,566
Public Library (part of school district tax)	\$4	\$4
TOTAL	\$2,374	\$2,232

Budgetary Summary

Summary of Revenues

For the 2013-14 fiscal year, Prospect's general revenues were approximately \$145,000. Primary revenue sources for the village were a cell tower lease payment (received once per five years), county sales tax, real property taxes, and state aid. The village has a separate water fund, the revenue for which comes almost entirely from service charges and sales.

Prospect also has a fire fund, and had a volunteer fire department. The main revenue stream into the fire fund was taxes levied on residents of the town of Trenton who were not village residents but received fire protection from the department, with smaller amounts coming from residents of Poland (another nearby town receiving fire protection) and residents of Prospect itself. Village residents voted to abolish the fire department in 2013 as a cost-saving measure, and the fund has essentially no revenue today, compared to about \$74,000 in revenue annually pre-dissolution. Along with rural portions of Trenton and Barneveld and Holland Patent, Prospect has been incorporated into the Trenton Joint Fire District, which began providing fire protection in on August 1, 2014. Between the dissolution of the Prospect fire department and the beginning of the Joint Fire District, Prospect received fire protection from the Barneveld Fire Department, one of the departments that now provides fire protection in the Joint Fire District.

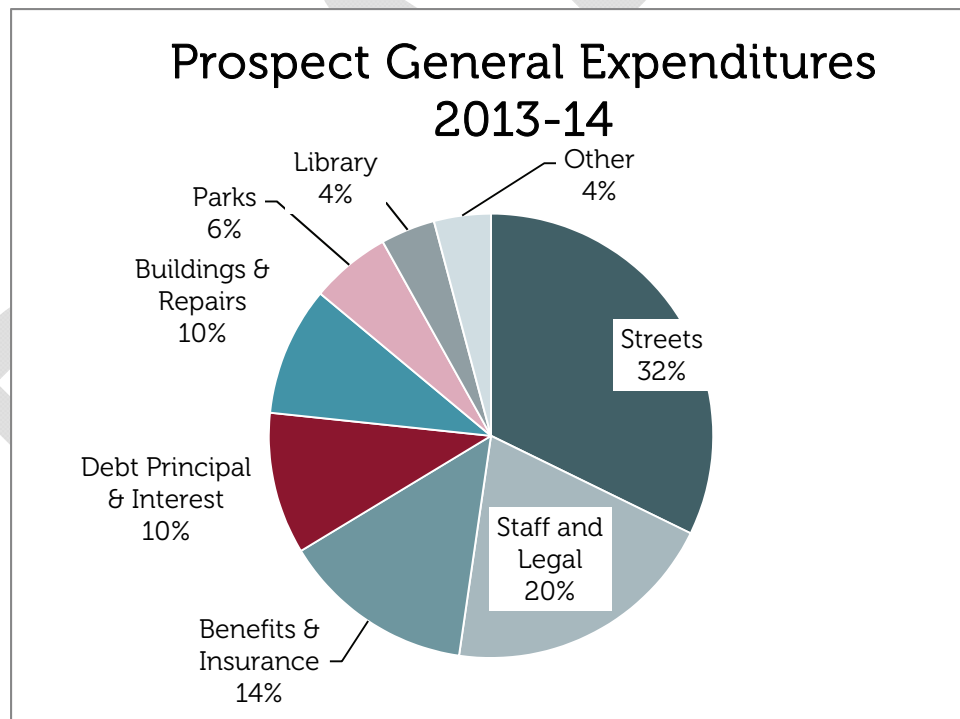
Below is a table showing the revenues to all Prospect funds from 2013-14. Average revenues over the last five fiscal years (2010 to 2014) are also provided, in Appendix A. While averages provide a view less susceptible to one-time shocks, given the massive changes that have occurred in Prospect over the past two years, the single-year measures likely provide a more accurate sense of the status quo.

Prospect Revenues, 2013-14

State Aid	\$29,933
Cell Tower Lease (every 5 years)	\$40,923
County Sales Tax	\$31,307
Property Tax Levy	\$27,466
Other General	\$16,387
<i>General Fund Total</i>	<i>\$146,017</i>
Water Revenue	\$58,699
Fire Revenue	\$74,073
TOTAL REVENUES	\$278,788

Summary of Expenditures

The village makes expenditures on a wide range of services. In the 2013-14 fiscal year, the largest categories of spending for Prospect from the general fund were street lighting, maintenance, and plowing (32%), staffing and legal (20%), and benefits and insurance (14%), for a total of \$100,970.



Prospect's budgeted general expenditures for 2014-15 are very different, as the village has made several major changes in the latest fiscal year. Prospect's only general fund debt was from a \$50,000 loan taken out in 2008 for street resurfacing and maintenance, the final \$10,000 of which was paid back in 2013. Each employee of the village either took a pay cut or retired. A significant portion of park expenditures went toward ball field upkeep, which has been taken over by the league that uses the fields. In total, the budgeted expenditures for 2014-15 are \$82,257, approximately 80% of what was spent in 2013-14.

Given these changes, and given that the 2014-15 fiscal year is not yet complete, single-year expenditures figures from 2013-14 are provided. As with the revenues, these are likely more reflective of the future than averages of the last five fiscal years are, but those figures can also be found in Appendix A.

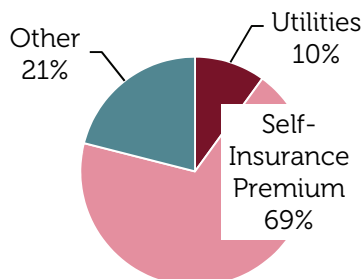
Prospect General Fund Expenditures, 2013-14

Streets	\$32,541
Staff and Legal	\$20,271
Benefits and Insurance	\$14,167
Debt Principal and Interest	\$10,425
Buildings and Repairs	\$9,490
Parks	\$5,901
Exchange Account	\$4,099
Library	\$4,000
Other	\$20,822
TOTAL EXPENDITURES	\$121,716

All water fund expenditures go toward service and upkeep of the water system and debt service. The water system has approximately \$184,000 in capital debt at interest rates of 4.2%. Annual payments average about \$14,000, and the debt is scheduled to be paid in full by 2033. All expenditures are paid for by unmetered water sales and service charges, and the fund averaged about \$7,000 in net income over the last five years.

The fire fund has some amount of maintenance and utilities expenses associated with the former fire hall, but of the \$44,418 spent so far in 2014, the self-insurance plan premium is responsible for the largest proportion by far. This is unlikely to change in the future, given that Prospect is no longer providing fire protection.

Prospect Fire Fund Expenditures 2014



The following table summarizes the expenditures from each fund for Prospect in the most recently completed fiscal year.

Prospect's Expenditures, FY 2014

General Fund	\$121,716
Water Fund	\$53,076
Fire Fund*	\$44,418
TOTAL EXPENDITURES	\$219,210

Staffing

The following table represents current staffing levels in the village and the town. None of the individuals employed by Prospect are full time, nor are any Prospect employees unionized. Prospect offers workers' compensation for a small number of employees, and contributes to the NYS retirement system and to social security for some staff.

* While the general and water funds' fiscal years are from June 1 – May 31, the fire fund's is from January 1 – December 1. The figure given is what has been spent so far in 2014; since the majority is from the self-insurance premium and a building payment, it is unlikely to rise much over the last quarter of the year.

Current Staffing for Village and Town

	Village of Prospect	Town of Trenton
Mayor/Supervisor	1	1
Trustee/Councilperson	4	4
Clerk/Treasurer	1	1
Water Superintendent	1	
Building Superintendent		1
Highway Superintendent		1
Highway Laborers		7*
Attorney	1**	1**
Justice		2
Assessor		1
Code Enforcement Officer	1***	1***
General Laborer		2
Zoning Enforcement Officer		1
Total	9	23

*Of the seven highway laborers, one works part-time year-round, and the other six work full-time April to October.

**The same individual is the village and town Attorney.

***The same individual is the village and town Code Enforcement Officer.

Services

This section of the report provides information about how village services are currently provided, along with their budgeted expenditures for the current fiscal year. Again, because of the recent changes to the village, budgeted 2014-15 figures are provided as the most accurate idea of future expenditures, but averages of the last five years can be found in the Appendix.

Executive and Legislative Staffing

The Village of Prospect is governed by a Mayor and a four-member Board of Trustees, each elected to two-year terms. Their responsibilities include drafting and passage of the village's budget, management of any contracts involving the village, and other general governance for matters concerning Village residents. The Mayor is paid \$1,920 annually and each Trustee is paid \$560, and the village has \$435 budgeted for their collective expenses, totaling about \$4,600 and an additional \$2,000 in benefits and insurance.

Administrative Staffing

The village administrative staff consists of a part-time clerk/treasurer whose salary is shared between the general village budget and the water fund. Over the last four fiscal years, payments to the clerk have averaged \$10,000 from the general fund and \$7,500 from the water fund. Administrative expenses are responsible for an additional \$2,500 from the general fund on average and \$1,700 from the water fund, plus an additional \$4,000 in benefits from the general fund and \$1,300 from the water fund, totaling \$16,500 from the general fund and \$10,500 from the water fund.

The clerk/treasurer's duties include:

- Board work (legal notices, agenda, minutes, etc.)
- Budget preparation
- Grant administration
- Payroll and insurance
- Tax collection
- Business hours of village Mondays and Wednesdays, 10:00 AM – 2:00 PM
- Regular Board meetings once per month
- Any other general financial, clerical, or administrative duties as needed

Streets, Lighting, and Sidewalks

The village of Prospect has 1.86 center line miles of streets, and currently provides several services related to street upkeep, including street lighting and sidewalk maintenance. The village also contracts with the town of Trenton for the cleaning of the streets inside the village. A map of all village streets, sidewalks, and lights is attached in Appendix B.

Budgeted Street Expenditures, 2014-15

Expenditure	Amount
Street Lighting	\$5,500
<i>Street Lighting Subtotal</i>	<i>\$5,500</i>
Sidewalks	\$5,000
Sidewalks (equipment/materials)	\$2,000
<i>Sidewalks Subtotal</i>	<i>\$7,000</i>
Street Cleaning – Trenton	\$3,000
Street Maintenance	\$1,000
Snow Removal	\$2,675
<i>General Street Subtotal</i>	<i>\$6,675</i>
Total	\$19,175

Parks

Prospect owns and operates several parks and related facilities, including Union Park, the village green, and a skating rink. The village receives a small amount each year in park rental fees, and spends a significant amount on electricity and maintenance. Prospect also owns a baseball and softball field, currently maintained by the Northern Softball League, which provides mowing and electric service. The village parks are marked on the detailed map of Prospect provided in Appendix B.

Budgeted Park Expenditures and Revenues, 2014-15

Expenditures	Amount
Electric	\$1,200
Maintenance	\$6,575
Rental Fees (Revenue)	(\$100)
Net Total Expenditures	\$7,675

Fire Protection

As described above, Prospect no longer provides fire protection directly. As of August 1, 2014, the area of the village is included in the Trenton Joint Fire Protection District. The district has five commissioners, with one seat being vacated each year and successors serving five-year terms. Prospect, along with the two other villages included in the district (Barneveld and Holland Patent), can propose individuals to fill the seats, though ultimate responsibility lies with the Trenton Town Board. Currently, there is one commissioner residing in each of the three villages and two in the town-outside-village area, and the town and village boards agree that geographic diversity serves the best interests of all. That distribution requirement is not, however, codified in any formal resolution.

In the intervening time between the Prospect Fire Department's abolishment and the beginning of the Joint Fire District, the village received fire protection from the Barneveld Fire Department, one of the departments that now provides fire protection to the Joint Fire District. Prospect residents will begin paying taxes to the Trenton Joint Fire District in 2015. The levy was \$1.62 per ten thousand AV in 2014, or \$83 for the median Prospect home.

Water

Prospect has a Water Department which provides water service to village residents and several town outside village residents, for a total population of about 300. Users are charged based on unmetered sales, paying a set quarterly bill, with non-village residents paying a higher rate. The village has a separate water fund, and the department is self-supporting, with no property tax revenue used. Current water rates are \$91.91 per quarter for single-family residences within Village limits and \$103.55 per quarter for all other residential and non-residential users on the system.

The water system uses three wells drilled on village land (see maps in Appendix B). The last capital upgrade to the water system came in the mid-1990s, with more mains, service connections, and fire hydrants added and a large storage facility built. One of the three wells is providing very little pressure, and so another well will likely have to be dug in the near future. The system's only contaminant violation of the past ten years came in 2009.

Scholarship Funds

A resident of Prospect, Howard Thomas, left the majority of his estate and property to the village, to be held in trust and administered as "The Thomas Memorial Fund for the Education of Prospect Youth". Among the property left was the land in the south of Prospect on which the former fire building is located. The bequeathed land cannot be sold, but much of it is leased to tenants such as the Regional Water Authority, and the fund averaged about \$2,700 in income from 2010 to 2013.

Each year, the village Board is told how much money the fund has made and how much is available to be given out as scholarships. From 2010 through 2013, an average of \$2,600 was awarded annually, with an average of \$100 going toward administrative expenses. High school graduates who reside in the village are eligible, and recipients are selected by the Mayor and Board based on the student's merit and need for financial assistance in pursuing a college degree or vocational training. Individuals can be awarded the scholarship up to four times, and each individual chosen receives a \$500 check.

The Mildred Usher Memorial Scholarship Fund exists in a similar fashion. The Community Foundation of Herkimer & Oneida Counties administers the fund and the disbursements, and each year informs the village Board of the amount available to be given out. Residents of Trenton who are attending an accredited post-secondary institution are eligible, and are selected by the Mayor and Board. Each individual chosen receives a \$500 scholarship to their institution.

Museum

Prospect also has a small museum in the Municipal Building, consisting mainly of items donated by village residents, including artifacts and books. Currently, the village Historian is the primary individual responsible for the museum. It is funded entirely via donations, requiring no money from the town budget other than the hourly wage of the historian for the time spent on the museum.

Real Property Assets

The following section discusses any buildings or land plots owned by the village, their potential value if sold, and any costs related to their upkeep or maintenance. Again, because of recent changes, budgeted costs for fiscal year 2015 are provided,

but averages from the past five years can be found in Appendix A. Locations of each piece of property can be found on the detailed village map in Appendix B.

Library, Ambulance Garage

Currently, Prospect owns the building at 915 Trenton Falls Street that houses the library. Through an oral agreement, the village and library exchange an amount of money equal to the proposed rent for the building. In effect, the village supports the library by conferring on it free rent.

Similarly, the village owns the garage used by Prospect Volunteer Ambulance, located on the same plot of land. The ambulance corps pays all costs associated with the building, and does not pay rent.

Fire Hall

The former fire hall is located on Quarry Road, adjacent to the plot containing the library and ambulance garage, and is currently unused. The village has spent about \$4,500 thus far in 2014 toward upkeep and maintenance of the fire hall. This prorates to about \$6,500 annually.

Fire Building Expenditures, 2014

Expenditures	Amount
Water	\$184
Electric	\$740
Fuel & Furnace	\$3,508
Total Expenditures	\$4,432

As discussed earlier, the fire building is on land bequeathed by Howard Thomas and held in trust by the scholarship fund. The land therefore cannot be sold, though the building could be rented out or used in some other way.

Village Municipal Building

Prospect owns the village municipal building, located at 116 State Street. The village budgets annually for repair, maintenance, and electricity and propane.

Budgeted Municipal Building Expenditures, 2014-15

Expenditures	Amount
Repair/Maintenance	\$2,900
Electricity/Propane	\$4,700
Total Expenditures	\$7,600

Cell Tower

Crown Communications, Inc. owns a cell tower built on a small portion of the Prospect Water Department land. The land is leased from the village in five year increments for \$40,000, with the most recent renewal occurring in 2013. The lease represents a significant revenue source for the village in the years it is renewed.

Wood Lots

Adjacent to and around the Prospect water plant are nine forested parcels totaling 121 acres. The lots are currently unused, with occasional timber sales and noncommercial thinning. They are assessed at a market value of \$62,000, while the village forester estimated their joint value as between \$80,000 and \$125,000 if sold as recreational land. Much of the area is landlocked, and many of the lots are in a wellhead protection area, so their potential for development is uncertain.

Other Assets

The village does not have any items of equipment valued over \$2,000.

Revenues

This section discusses the relevant non-property tax sources of revenue for Prospect. For the same reasons as above, budgeted 2014-15 figures are provided, with averages of the last five fiscal years available in Appendix A.

General Purpose Local Government Aid

New York State apportions a significant amount to local municipalities each year, based on their type, size, and assessed value. In 2014, Prospect expected to receive \$5,096 in general revenue sharing.

CHIPS Aid

Consolidated Local Street and Highway Improvement Program (CHIPS) Aid is an important source of income for Prospect, which budgeted \$14,346 in CHIPS revenues for 2014. The aid is apportioned based on the number of road miles inside a municipality.

County Sales Tax

In Oneida County, portions of the sales tax collected each year are distributed among the various municipalities based on their equalized property value. Prospect has received an average of about \$31,000 dollars in county sales taxes for the last three fiscal years, and budgeted to receive \$36,000 in 2014.

Obligations

This section discusses all debt and outstanding obligations held by Prospect.

Water Debt

The water fund has approximately \$184,000 in debt, being paid off with a principal payment of \$9,000 through 2020 and \$10,000 through 2033, along with interest payments of 4.17% of the remaining principal. Based on recent revenues and expenditures for the water fund, this appears to be well within its ability to pay using only sale and service revenues, and does not require additional outside support.

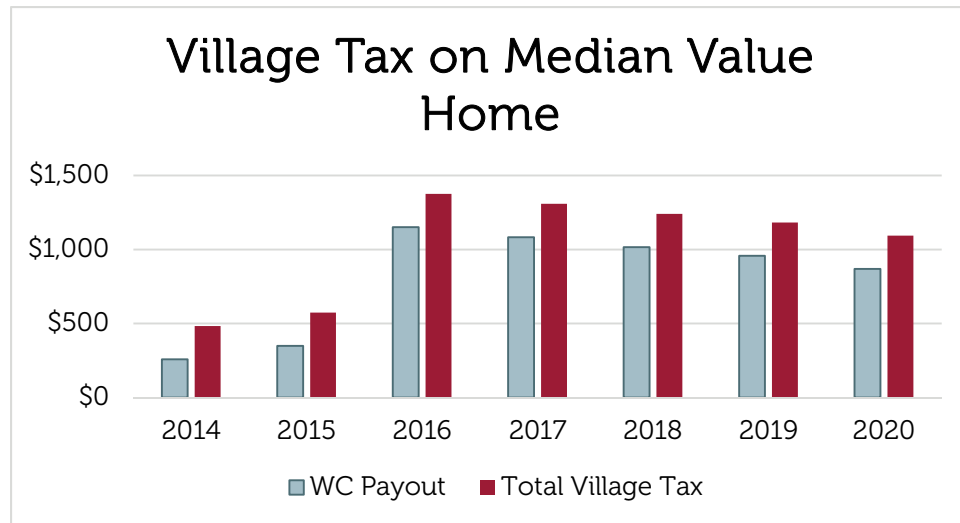
Oneida County Self-Insurance Plan

The main obligation the village currently faces results from the premiums levied through the Oneida County Self-Insurance Plan. The premiums are calculated using the average losses from the fund due to the village over the past five years, and as such, Prospect faces massive increases through 2020, as estimated in the following chart.

Village of Prospect Claim History & Projected Premiums through 2020

Year	Losses paid by Plan	Village Premium
2009	\$4,587	\$461
2010	\$25,000	\$463
2011	\$25,000	\$1,602
2012	\$25,000	\$9,732
2013	\$28,698	\$19,544
2014	\$253,648	\$31,144
2015	\$15,000 YTD	\$42,136
2016	\$4,000 est	\$139,050 est
2017	\$4,000 est	\$130,879 est
2018	\$4,000 est	\$122,707 est
2019	\$4,000 est	\$115,703 est
2020	\$4,000 est	\$104,925 est
Total	\$396,933 est	\$686,544 est

Termed "self-insurance," plan participants pay an administrative fee based on assessed value. The administrator manages the claims on behalf of participants. Although a simple self-insurance plan would entail a direct payment of claims as they occur, Oneida County pays out claims, then recoups the payout in future years, with premiums based on the participant's share of total claims over the rolling 5 year period.



Impact on Median Home Value

The median home value in Prospect is approximately \$51,000. The impact of the settlement on the median home will rise from \$248 in 2014 to \$1,151 in 2016. From 2014 to 2020, the median home's share of the total estimated premium is about \$5,750.

The experience-rated premiums that result from the plan formula are based on the expectation that past claims experience is predictive of future claims experience. Prospect's rising premium, however, is disproportionately influenced by a single year's payout. Moreover, now that Prospect no longer has a fire department, its actual exposure to claims has decreased significantly since 2013.

Withdrawal from Oneida County Plan

Prospect has informed the county of its intention to withdraw from the self-insurance plan, as detailed in Oneida County Local Law No. 1 of 1956, amended in 1978, and further amended in 1983 (Resolution No. 250) as follows:

BE IT RESOLVED, by the Board of County Legislators, Oneida County, that Local Law No. 1 of 1956 is amended as follows:

- I. *Section 3 (3) shall state: A participant in the plan, may withdraw from the plan only as of the beginning of the next ensuing calendar year by filing on or before the 15th day of July of any year, a certified copy of the resolution of its governing body electing to withdraw from the plan, upon condition that participant shall pay, in one lump sum six months after date of withdrawal, its full liability to the plan as determined by an actuarial firm hired by the Board of Legislators. Any participant who has withdrawn or hereafter withdraws from the plan shall also be responsible for administrative costs incurred for payment of claims, until*

the ongoing claims shall be closed; billing for administrative costs shall be supplied by the Director of Workers Compensation to the withdrawn participants annually, on July 1 of each year.

CGR discussed the law with Harris Samuels, Assistant Oneida County Attorney. The legislation leaves a number of issues unaddressed. Withdrawals are infrequent, thus the exact procedure for a withdrawal is still unclear. Several participants have left the plan recently, likely in response to the situation in Prospect. In each case, the municipality has carried forward their open claims to their new administrator and there has been no lump sum payment to the plan upon exit. Unlike Prospect's case, however, payouts under the plan were not in excess of actual contributions.

Prospect also still has an outstanding medical claim administered through the Self-Insurance Plan. Originally, Oneida County Plan Administrator Michael Lally estimated costs from this claim at \$4,000 annually, but claim costs have exceeded that figure substantially in 2014 and 2015, and are extremely unpredictable going forward. When Prospect leaves the Self-Insurance Plan, it could potentially take the claim with them, but would be responsible for all future medical costs. The village could also make a lump sum payment to the Self-Insurance Plan for the outstanding claim, and bear no liability going forward.

This report assumes that, when Prospect withdraws at the beginning of 2016 after paying the 2015 premium of \$42,136, the village would be obligated to reimburse the Self-Insurance Plan for funds expended on its behalf, and would make the lump sum payment to the Plan for the outstanding medical claim. Oneida County estimated the reimbursement cost at \$377,531 prior to Prospect's 2015 premium, and the buyout of the open claim at \$198,907, for a total amount of \$576,438. Subtracting the estimated 2015 premium leaves the resulting obligation at \$534,302.

This report additionally assumes the county would finance this obligation for Prospect, rather than requiring it be paid in a lump sum, and allow them to pay it over ten years, at an interest rate of 2% (based on the county's GO borrowing cost). This is not guaranteed, but the County has indicated a willingness to potentially finance the repayment in some fashion. If not, Prospect would have to borrow the sum privately, and would like pay a higher interest rate and amount. If the County financed the repayment under those assumptions, the net obligation for the village would be approximately \$58,000 per year for ten years.

After withdrawing from the county plan, Prospect will have to obtain workers comp coverage from another provider if it remains a village. CGR contacted Michael Kenneally, Executive Director with the New York State Municipal Workers' Compensation Alliance, who estimated Prospect's annual funding contribution for workers' comp coverage to be \$675 annually, were Prospect not to dissolve. If Prospect chooses to dissolve, no separate workers' comp coverage would be

needed. Trenton's workers compensation costs may or may not rise, depending on decisions made by the town regarding staffing and workers compensation coverage.

Dissolution

The following sections consider the possibility of dissolution, and analyze the impact on services, expenditures, revenues, and assets for Prospect and Trenton.

Service & Cost Impacts of Dissolution

Laws, Codes, and Ordinances

The list below shows the potential impact of dissolution on Prospect laws and codes. Laws and codes listed as N/A (not applicable) would no longer be relevant were the village to dissolve. All other laws and codes listed would remain in effect for a period of two years following dissolution, in accordance with General Municipal Law Article 17-A §789. The Trenton Town Board may, at any time, amend or repeal these laws, or adopt them as town laws. If not adopted, they would no longer be valid laws after the two year period and would cease to exist.

In the following list, all Prospect laws and codes are separated into two categories. Category A contains those for which the town has an identical or very similar law, and category B contains those which do not have a town analogue, and would need to be adopted by the town Board to continue being enforced after two years past dissolution. Laws or codes with N/A listed would not be applicable if the village dissolved.

Village Laws and Ordinances

Law	Title	Category
Local Law No. 2, 1976	Dog Control Regulations	A
Local Law No. 3, 1990	Village Water System protection	B
Local Law No. 2, 1995	Board members serving as Fire Chief/Assistant Fire Chief	N/A
Local Law No. 1, 2005	Prohibition of outdoor wood-burning furnaces	B
Local Law No. 2, 2005	Prohibition of water system cross connections	B
Local Law No. 1, 2013	Flood damage prevention law	A

Zoning

There are some significant differences in the zoning laws of the two municipalities. Prospect currently splits itself into three types of districts: Residential, Community Center, and Land Conservation. The first two have close analogues in the Trenton zoning law, with Prospect's Residential districts similar to Trenton's Medium Density Residential districts and Prospect's Community Center districts similar to Trenton's Neighborhood Commercial Business districts. Most of the town land around the village is a Medium Density Residential district. Prospect's third type of district, Land Conservation, does not have a town analogue, and would have to be added to Trenton's zoning law for its current restrictions to remain in place were the village to dissolve.

However, beyond that, the zoning laws are broadly very similar and overlapping, and with the same individual employed as code enforcement officer by both municipalities, consolidation of the two codes would likely be simple. Prospect spent only \$250 on zoning in the 2013-2014 fiscal year, and so in the case of dissolution, Trenton is unlikely to have to increase its expenditures to take over zoning in the village area.

A complete current zoning map of Prospect can be found in Appendix B.

Executive and Legislative Staffing

Were Prospect to dissolve, the positions of mayor and board of trustees would cease to exist, and the duties performed by them would be assumed by the town of Trenton's Supervisor and Town Council. That would result in estimated savings of \$6,635 per year in eliminated salary and benefits.

Administrative Staffing

If the village were to dissolve, the position of village clerk/treasurer would be eliminated. Some responsibilities would remain and the town would retain the obligation. The town could choose to bring the clerk-treasurer onto its staff, resulting in a shifting of cost but no reduction. Alternatively, the remaining duties of this position could be absorbed by the established staff of the town, eliminating the cost.

The clerk-treasurer's duties for the water department would remain, though the obligation would be shifted to the resulting water district. Given that those duties are currently financed by the water fund, and that water revenues and costs would not change substantially upon dissolution, only the general portion of the administrative costs are considered when determining the fiscal impact of dissolution.

Streets, Sidewalks, and Lights

If Prospect were to dissolve, the streets and their associated upkeep costs would pass to Trenton, totaling approximately \$6,700 annually. For the purposes of this report, we assume that a special lighting district will be created, and the approximately \$5,500 in respective annual costs will continue to be paid for by former village residents. Given that the street lights extend uniformly throughout the village, the boundaries of the special district are assumed to be the same as the current village boundaries.

The sidewalks are not distributed evenly throughout the village, and the village Board and Dissolution Study Committee have indicated the sidewalks are not seen as a vital service. As such, this report assumes no sidewalk district would be created were Prospect to dissolve, and a law would be passed by the town that transferred responsibility for all sidewalks to the property owners in the village.

Parks

If the village dissolved, the parks would pass to the town. Trenton would add the costs to its budget, spreading them over the whole town. Added to the existing town obligations, these additional costs may not require an increase in town staffing. The Supervisor believes that these obligations can be assumed without adding staff, and if that is the case, the additional park upkeep would add less to Trenton's budget than the amount Prospect currently budgets. For the purposes of this report, we assume they will cost the same amount to Trenton as they do to Prospect currently.

Fire Protection

The area of Prospect would remain inside the Trenton Joint Fire District if the village dissolved, and so the actual provision of fire protection would not change. Without a formal requirement for commissioner residence, the administration of the district would also not be affected, and one of the commissioner seats would likely continue to be filled by an individual from the former village. The levy for fire protection is provided in this report, to give a complete sense of the possible total tax burdens, but is constant across all dissolution scenarios.

Water

Were the village to dissolve, a water district controlled by the town would need to be formed. This district would keep the same facilities, assets, and debt as the current water fund, with no required changes in personnel or underlying operation costs of the water system. With the distinction between town and village residents eliminated, all users of the water district would be charged equally, with a possible result of a small shift in rates.

In some cases, the formation of a new water district requires the review and approval of the Office of the State Comptroller. OSC review is triggered only if debt is issued to finance the costs associated with the new district and if the estimated average annual costs to a given household, including user fees and any capital costs, are over a set threshold based on statewide average annual costs. If either one of those conditions is not met, OSC review is not necessary. Since Prospect already has the required capital and currently charges very low rates relative to comparable systems, neither condition is likely to be met.

If upgrades to the system were required in the future, the district may want to apply for Drinking Water State Revolving Fund grants or loans. The state Department of Health and Environmental Facilities Corporation have established a formula, using the median household income of any applicant service area, to determine a Target Service Charge. If the average annual charge for a household is higher than the Target Service Charge, the district is eligible for state aid. For Prospect, the Target Service Charge is approximately \$940 annually, while the average annual household charge has been less than \$400 for each of the past five years. Unless annual costs rose drastically, all capital upgrades would be financed without state aid.

Scholarship Funds

Currently, both the Howard Thomas and the Mildred Usher Scholarship Funds designate the Prospect Mayor and Board of Trustees as the selection committee for the students that will receive scholarships. If the village dissolved, the positions of Mayor and Trustee would no longer exist, and the responsibility would likely fall to the legal authority replacing the village government, the Trenton Supervisor and Town Council. In that case, the Supervisor and Council could choose several residents of Prospect each year to serve on a Scholarship Committee, who would then make the decisions regarding scholarship disbursement.

Museum

The individual currently responsible for the administration of the museum is the village Historian, a position that would cease to exist if Prospect dissolved. Similarly, the village municipal building, which currently houses the museum, would become the property of Trenton. While the museum has very little in the way of upkeep costs, an arrangement would need to be worked out with either the town or another local organization to ensure its continued existence.

Assets

This section discusses the impact of dissolution on Prospect's real assets, and their potential sale (if applicable).

Library Building

If Prospect dissolved, the library building would become the property of the town of Trenton. The town could then either continue the rent-free agreement with the library or begin to charge the library rent at some level. Trenton would be obligated to maintain the building in any event.

Alternatively, the library has expressed a desire to purchase the building. If sold, Prospect would receive a one-time influx of revenue, likely between \$15,000 (the most recent offer by the library, rejected by the village) and \$35,000 (the valuation given to the library building by a broker in 2005). That revenue could then be used toward the Self-Insurance Plan premiums and associated costs, regardless of whether the village dissolves or not. Were the village to dissolve after selling the building, there would be no change in the expenditures or revenues of Trenton due to the library.

Ambulance Garage

The ambulance garage is currently providing neither revenue nor expenditures to the village, and so if Prospect dissolved, it would likely have no effect on the budget of Trenton, unless there was an unrelated change in the current agreement. The ambulance hall and land could also be sold or rented, though that would require a change in the current agreement with the ambulance corps. The building was appraised at \$30,000 in 2005.

Fire Hall

The fire hall would also pass to Trenton, and the estimated \$6,500 spent annually on maintenance would be the town's responsibility. It is possible that the town could find an interested party to use the hall in exchange only for upkeep costs, similar to the current situation with the ambulance garage. Both scenarios are considered. Because the land is held in trust for the scholarship fund and may not be sold, there is very limited potential for any one-time value from the fire hall.

Village Municipal Building

Prospect budgeted \$7,600 for maintenance of the municipal building for the upcoming year. As with the fire hall, if the village dissolved, Trenton could either use the building and pay the annual costs, or find another interested party. Both options are again considered.

The village could also attempt to sell this property before dissolving. Unlike the library and ambulance garage, this property has not been examined by a broker, and so only a rough estimate of its sale value is available. Given its similarity in size and location to the village library, for the purposes of this report we assume its value to be \$20,000.

Cell Tower and Wood Lots

The cell tower and the wood lots are separable assets. The town forester estimated the value of the wood lots as between \$80,000 and \$125,000 in recreational use, though as described above, due to their difficulty of access and location in wellhead protection areas, prospects for development are uncertain. Were the village considering selling them, it would likely need to engage an attorney to determine what rights of access they have to the landlocked property and what easements could be transferred in any sale.

We estimate the cell tower lease's net present value at approximately \$90,000, roughly comparable the assessed market value of the cell tower to the owner, \$104,167. Were the tower and wood lot both sold, the net receipt could be very significant, depending on the disposition of the sale.

Revenue

General Purpose Local Government Aid

Section 54 of the State Finance Law governs this type of aid, with Article 2 describing how it is apportioned and Article 4, Section (a) describing what to do in the event of consolidation or dissolution. Villages are awarded aid at a higher per-capita rate than TOV residents, and so if Prospect dissolved, while its aid would transfer to Trenton, the amount given for village residents specifically would fall from \$5,096 to \$2,901.

The state does, however, provide for a gradual transition, with the new amount of aid plus the full difference between the new figure and the old figure being given in the first year, the new amount plus 80% of the difference in the second year, the new amount plus 60% of the difference in the third year, and so on until the sixth year, when only the new amount is given. The table below summarizes the expected amounts of aid over the six years after dissolution, based on an estimate of \$5,000 in aid to Prospect each year if it were to remain undissolved.

General State Aid, Years After Dissolution	
1	\$5,000
2	\$4,569
3	\$4,139
4	\$3,708
5	\$3,278
6+	\$2,847
Average	\$3,924

The average estimated amount given in general aid in the six years after dissolution is \$3,924 annually, about \$1,100 less than what's given to the village per year. The net

result of the potential dissolution of Prospect, therefore, is about \$4,000 annually in increased revenue to Trenton over the next six years, and \$5,000 annually in decreased revenue to the former village.

CHIPS Aid

Because CHIPS aid is apportioned based on road miles, adding the village to the town would increase its road mileage by a corresponding amount, and Trenton would receive an additional amount of CHIPS aid each year equal to what the village received. Since Prospect budgeted \$14,346 in CHIPS aid for 2014, the net annual revenue growth for Trenton and corresponding revenue loss for the former village is assumed to be \$14,000.

County Sales Tax

Per the opinion of the Oneida County Treasurer*, the portion of the county sales tax Prospect was receiving would be remitted to Trenton if the village dissolved. Based on the average amounts received by the village in the recent past, the net annual revenue growth for Trenton and annual revenue loss for the former village is estimated to be about \$35,000 annually.

Fund Balance

Prospect has a budgeted fund balance of approximately \$55,000 for the 2014-2015 fiscal year. Additionally, were Prospect to dissolve on January 1 of 2016, that balance would likely increase, as Prospect would have received revenues budgeted for 12 months of expenditures, but only made 7 months' worth. This report does not make any estimate of the final amount – the presence of dissolution costs, unexpected budget items, and more make accuracy impossible. Any balance could, however, be used to pay down the workers' compensation obligation, and could be quite substantial.

Citizen's Empowerment Tax Credit (CETC)

If Prospect dissolves, Trenton qualifies for CETC funding equal to 15% of the combined village and town tax levies (omitting the fire levy) in the year prior to dissolution (\$27,186 and \$290,966, respectively), or approximately \$47,720 annually. We assume that the share attributable to the village—slightly less than \$4,100—could be dedicated to reducing the Workers Comp claim, though there are no statutory requirements for the distribution of CETC funding between the village and town.

*Anthony Carvelli, Oneida County Treasurer, personal communication 9/26/14.

The CETC is subject to annual appropriations in the state budget process like any other annual state revenue source (such as CHIPS highway funding, for example). It has clearly, however, been an important policy objective of both the Governor and the State Legislature for the last seven years to support consolidation initiatives by funding the CETC and its predecessor programs.

Net Tax Impact: Dissolution

The net tax impact on the village of Prospect and the town of Trenton is determined by the following:

- Savings and cost shifting due to the village dissolution
- Net revenue gained due to the dissolution—a slight loss in state aid is offset by the infusion of the Citizens Empowerment Tax Credit
- The approach taken to address the Workers Compensation obligation will also have a very substantial impact on tax rates.

Implications of Dissolution

The following table summarizes the expected annual revenue or cost from each source potentially affected by dissolution to the former village and to Trenton. Table 1 shows:

- a) The *status quo*
- b) Prospect dissolves. The town assumes upkeep cost for the buildings and either uses these buildings or provides them rent-free to another public user. In addition, the town retains the village Clerk-Treasurer. A lighting district is created coterminous with the existing village.
- c) Prospect dissolves. The town provides village buildings to a private party rent-free in exchange for upkeep costs and absorbs the duties of the village Clerk-Treasurer without additional cost. A lighting district is created coterminous with the existing village.

Table 1: Impact of Dissolution on Annual Costs and Revenues—without consideration of Workers Comp obligation (selected costs & revenues only—net does not combine both totals)

Selected Costs & Revenues	a)Undissolved (Status Quo)		b)Dissolved, Trenton uses buildings, hires village staff		c)Dissolved, Trenton rents out buildings, absorbs staff functions	
	Prospect	Trenton	Former Prospect	Trenton	Former Prospect	Trenton
Selected Costs						
Exec/Leg Staffing	\$6,635	\$0	\$0	\$0	\$0	\$0
Admin Staffing	\$16,375	\$0	\$0	\$16,375	\$0	\$0
Streets	\$6,675	\$0	\$0	\$6,675	\$0	\$6,675
Street Lights	\$5,500	\$0	\$5,500	\$0	\$5,500	\$0
Sidewalks	\$7,000	\$0	\$0	\$0	\$0	\$0
Parks	\$7,675	\$0	\$0	\$7,675	\$0	\$7,675
Fire Hall Upkeep	\$6,500	\$0	\$0	\$6,500	\$0	\$0
Muni Bldg Upkeep	\$7,600	\$0	\$0	\$7,600	\$0	\$0
Comp. Coverage	\$675	\$0	\$0	\$0	\$0	\$0
COSTS TOTAL	\$64,635	\$0	\$5,500	\$44,825	\$5,500	\$14,350
Selected Revenues						
Local Aid	\$5,000	\$0	\$0	\$3,999	\$0	\$3,999
CHIPS Aid	\$14,000	\$0	\$0	\$14,000	\$0	\$14,000
County Sales Tax	\$35,000	\$0	\$0	\$35,000	\$0	\$35,000
CETC	\$0	\$0	\$4,078	\$43,645	\$4,078	\$43,645
REVENUES TOTAL	\$54,000	\$0	\$4,078	\$96,644	\$4,078	\$96,644
Net impact on levy v. status quo	--	--	-\$9,213	-\$51,819	-\$9,213	-\$82,294

Tax Impacts

Table 2 shows the estimated taxes paid by a resident of Prospect and a resident of Trenton for the next 10 years. These calculations also take into account the amount owed by the village to the county for workers compensation over the next 10 years, as discussed in a previous section. The table uses the same three scenarios as table 1:

- a) The *status quo*, with Prospect undissolved
- b) Prospect dissolves. The town assumes upkeep cost for the buildings and either uses these buildings or provides them rent-free to another public user. In addition, the town retains the village Clerk-Treasurer. A lighting district is created with a boundary equal to the existing village, a water district is created with a boundary that includes all current users, and the responsibility for sidewalk upkeep falls to property owners.
- c) Prospect dissolves. The town provides village buildings to a private party rent-free in exchange for upkeep costs and absorbs the duties of the village Clerk-Treasurer without additional cost. A lighting district is created with a boundary equal to the existing village, a water district is created with a boundary that includes all current users, and the responsibility for sidewalk upkeep falls to property owners.

Table 2: Impact of Dissolution on Annual Taxes (includes estimated Workers Comp. payback to county)

	a)Undissolved (Status Quo)		b)Dissolved, Trenton uses buildings, hires village staff		c)Dissolved, Trenton rents out buildings, absorbs staff functions	
	Prospect	Trenton	Former Prospect	Trenton	Former Prospect	Trenton
General Levy/ Special District Levy	\$86,177	\$99,914	\$59,738	\$55,420	\$59,738	\$24,945
Highway Levy	--	\$191,052	--	\$183,727	--	\$183,727
Total Tax Rate (\$/1000)	\$13.95	\$1.48	\$9.67	\$1.25	\$9.67	\$1.12
Change in tax rate	--	--	-\$4.28	-\$0.23	-\$4.28	-\$0.36
Taxes Paid to All Municipalities, Median Home (approx. \$51,000 assessed value, \$71,000 full value)						
Oneida County	\$503	\$503	\$503	\$503	\$503	\$503
Holland Patent SD	\$1,566	\$1,566	\$1,566	\$1,566	\$1,566	\$1,566
Public Library	\$4	\$4	\$4	\$4	\$4	\$4
Joint Fire District	\$83	\$83	\$83	\$83	\$83	\$83
Trenton	\$76	\$76	\$64	\$64	\$57	\$57
Prospect	\$713	--	\$495	--	\$495	--
Total	\$2,945	\$2,232	\$2,714	\$2,220	\$2,708	\$2,213
Change due to dissolution	\$0	\$0	-\$231	-\$12	-\$237	-\$19

Table 3 also shows the estimated taxes paid by a resident of Prospect and a resident of Trenton for the next 10 years, but assumes Prospect has sold every possible asset and used those funds to pay off as much of their obligation to Oneida County as possible. As discussed in previous sections, those assets are the library building (\$20,000), the ambulance garage (\$30,000), the cell tower lease (\$90,000), and the wood lots (\$80,000), as well as the village municipal building (\$20,000) should the village dissolve. If sold, the buildings would not pass to Trenton, and their associated costs would not be added to the town's levy.

While these sale prices are estimates only, and it is not clear that the village would be able to sell each of these assets immediately or at all, this analysis provides an optimistic estimate of the possible impact of sales. Table 3 uses the same three scenarios as table 1 and table 2, with slight changes:

- a) The *status quo*, with Prospect undissolved, and the library, ambulance building, cell tower lease, and wood lots sold for a combined \$220,000.
- b) Prospect dissolves, and sells the library, ambulance building, cell tower lease, wood lots, and municipal building, for a combined \$240,000. The town retains the village Clerk-Treasurer. A lighting district is created with a boundary equal to the existing village, a water district is created with a boundary that includes all current users, and the responsibility for sidewalk upkeep falls to property owners.
- c) Prospect dissolves, and sells the library, ambulance building, cell tower lease, wood lots, and municipal building, for a combined \$240,000. The town absorbs the duties of the village Clerk-Treasurer without additional cost. A lighting district is created with a boundary equal to the existing village, a water district is created with a boundary that includes all current users, and the responsibility for sidewalk upkeep falls to property owners.

Table 3: Impact of Dissolution on Annual Taxes (includes estimated Workers Comp. payback to county and all possible asset sales)

	a)Undissolved (Status Quo)		b)Dissolved, Trenton hires village staff		c)Dissolved, Trenton absorbs staff functions	
	Prospect	Trenton	Former Prospect	Trenton	Former Prospect	Trenton
General Levy/ Special District Levy	\$62,165	\$99,914	\$33,543	\$41,320	\$33,543	\$24,945
Highway Levy	--	\$191,052	--	\$183,727	--	\$183,727
Total Tax Rate (\$/1000)	\$10.06	\$1.48	\$5.43	\$1.19	\$1.48	\$1.12
Change in tax rate	--	--	-\$4.63	-\$0.29	-\$4.63	-\$0.36
Taxes Paid to All Municipalities, Median Home (approx. \$51,000 assessed value, \$71,000 full value)						
Oneida County	\$503	\$503	\$503	\$503	\$503	\$503
Holland Patent SD	\$1,566	\$1,566	\$1,566	\$1,566	\$1,566	\$1,566
Public Library	\$4	\$4	\$4	\$4	\$4	\$4
Joint Fire District	\$83	\$83	\$83	\$83	\$83	\$83
Trenton	\$76	\$76	\$61	\$61	\$57	\$57
Prospect	\$515	--	\$278	--	\$278	--
Total	\$2,746	\$2,232	\$2,494	\$2,217	\$2,491	\$2,213
Change Due to Dissolution	\$0	\$0	-\$237	-\$15	-\$237	-\$19
<i>Change Due to Asset Sales</i>	\$199	\$0	\$220	\$3	\$217	\$0

Alternatives to Dissolution

Prospect's alternatives to dissolution are rather limited. The village already provides few nonessential services, and therefore has little ability to save money through consolidation, reorganization, or sharing of services. Prospect also faces the large workers compensation claims, dissolved or not, and must raise the money to pay their obligation somehow, either via taxes or other means. If Prospect were to not dissolve, their likely course of action would be to sell all their unnecessary assets and use the proceeds to pay down their obligation to the county, as shown in the previous section.

The following table presents the tax rates for village residents if the village remains undissolved and a) does not sell any assets or b) sells all possible assets. These calculations again take into account the estimated 10-year payback to the county, and the annual cost of the outstanding medical claim.

Table 4: Impact of Asset Sales on Annual Taxes (Prospect undissolved)

	No Asset Sales	All Possible Asset Sales
Prospect Levy	\$86,177	\$62,165
Total Tax Rate (\$/1000)	\$13.95	\$10.06
Change in tax rate	--	-\$3.89
Taxes Paid to All Municipalities, Median Home (approx. \$51,000 assessed value, \$71,000 full value)		
Oneida County	\$503	\$503
Holland Patent SD	\$1,566	\$1,566
Public Library	\$4	\$4
Joint Fire District	\$83	\$83
Trenton	\$76	\$76
Prospect	\$713	\$515
Total	\$2,945	\$2,746
Change Due to Asset Sales	--	-\$199

Appendices

Appendix A: Five-Year Tax, Revenue, and Expenditures Averages

Property Tax Rates, 2010-2014 Average

Taxing Jurisdiction	In Village of Prospect	In Trenton Outside Village
Oneida County	\$10.20	\$10.20
School District	\$30.14	\$30.14-\$31.27
Public Library	\$0.08	\$0.08-\$0.99
Town of Trenton	\$1.48	\$1.48
Fire Protection*	\$1.57	\$1.57
Village of Prospect	\$4.36	n/a
Total	\$47.83	\$43.47-\$45.51

Source: Oneida County Finance Department, Real Property Tax Services Division; Village of Prospect Budgets; Town of Trenton Budgets

Property Taxes Paid by Median Homeowner, 2010-2014 Average

	Prospect Resident	Trenton Resident
Oneida County	\$522	\$522
Town of Trenton	\$76	\$76
Fire Protection*	\$80	\$80
Prospect	\$223	--
Holland Patent SD	\$1,542	\$1,542
Public Library	\$4	\$4
TOTAL	\$2,446	\$2,223

* Given the changes in fire protection over the last several years, the eventual recipient of these taxes is not constant over the period being averaged. The figure given is the average tax rate for fire protection over the past five years, regardless of how or by whom that protection is provided.

Prospect Revenues, 2010-2014 Average

State Aid/Grants	\$20,813
Cell Tower Lease	\$8,185
County Sales Tax	\$33,419
Property Tax Levy	\$27,491
Water Revenue	\$57,348
Fire Revenue	\$62,339
Other	\$27,043
TOTAL REVENUES	\$236,638

Prospect General Fund Expenditures, 2010-2014 Average

Streets	\$20,444
Staff and Legal	\$18,280
Benefits and Insurance	\$12,408
Debt Principal and Interest	\$8,670
Buildings and Repairs	\$11,227
Parks	\$11,668
Library	\$4,000
Other	\$28,866
TOTAL EXPENDITURES	\$115,563

Prospect Expenditures, 2011-2014 Average

General Fund	\$145,060
Water Fund	\$61,434
Fire Fund	\$70,986
TOTAL EXPENDITURES	\$277,480

**Prospect Service Expenditures, 2010-2014
Average**

Mayor salary	\$1,864
Trustees salaries	\$2,451
Mayor and Trustee expenses	\$283
Treasurer/Clerk salary	\$9,923
Treasurer/office expenses	\$2,459
Street lighting	\$5,260
Sidewalks	\$4,539
General streets	\$5,679
Parks	\$11,668
Fire building upkeep	\$6,711
Municipal building upkeep	\$7,237

Prospect Aid Revenues, 2010-2014 Average

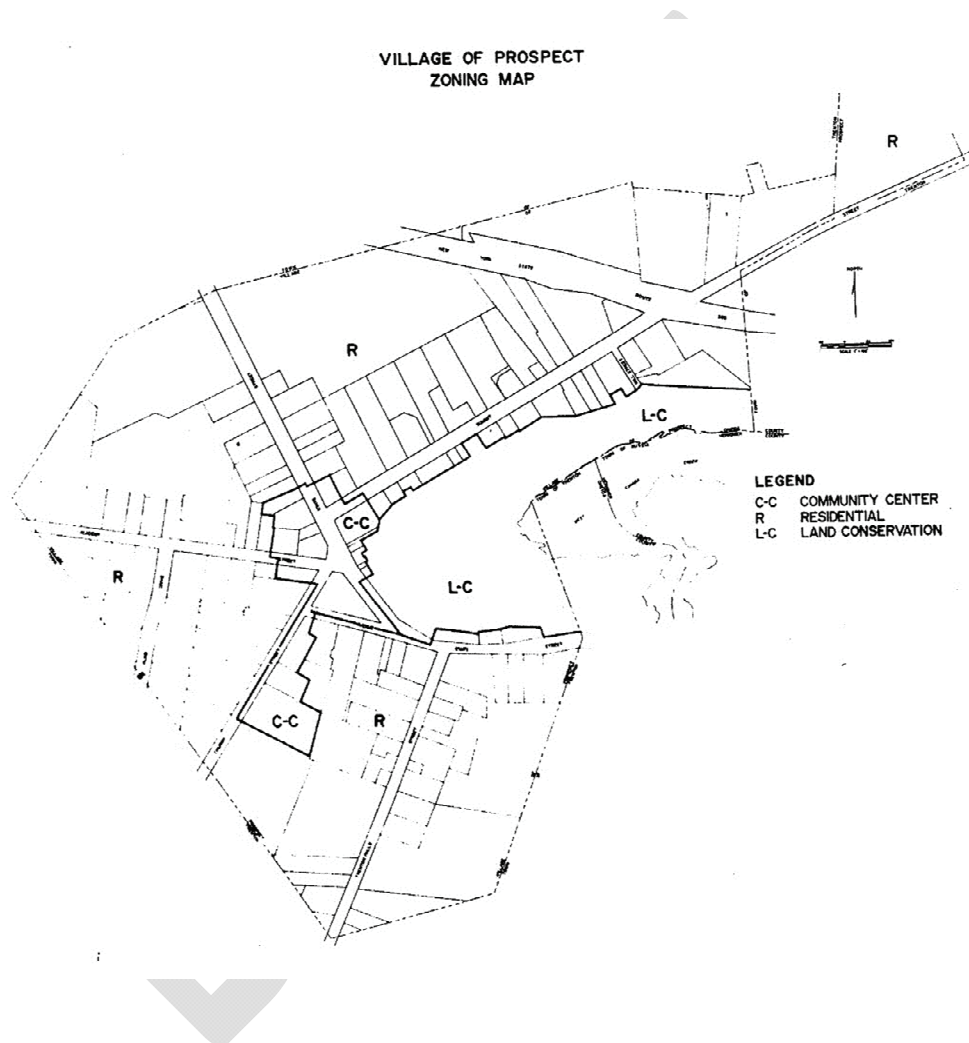
General Purpose Local Gov't Aid	\$115,563
CHIPS Aid	\$9,564
County Sales Tax	\$6,249

Appendix B: Maps

Lighting, Street, and Sidewalk Map

A folded, full-color map of the village's streets, sidewalks, and street lights will be attached to the final version.

Zoning Map



Property Map

