

Understanding the Town of Pelham Budget

2026 Budget Overview and the 2027 Budget Process

As we begin developing the Town's 2027 budget, I want to give residents a clearer understanding of the Town's finances and the choices ahead.

But first, it helps to see where the Town fits within the overall property taxes we pay in Pelham.

There is no single “Pelham property tax.” The Pelham Union Free School District, Westchester County, the Village of Pelham, the Village of Pelham Manor and the Town each have their own budgets and determine their own tax levies.

There is also an important distinction between a budget and a tax levy.

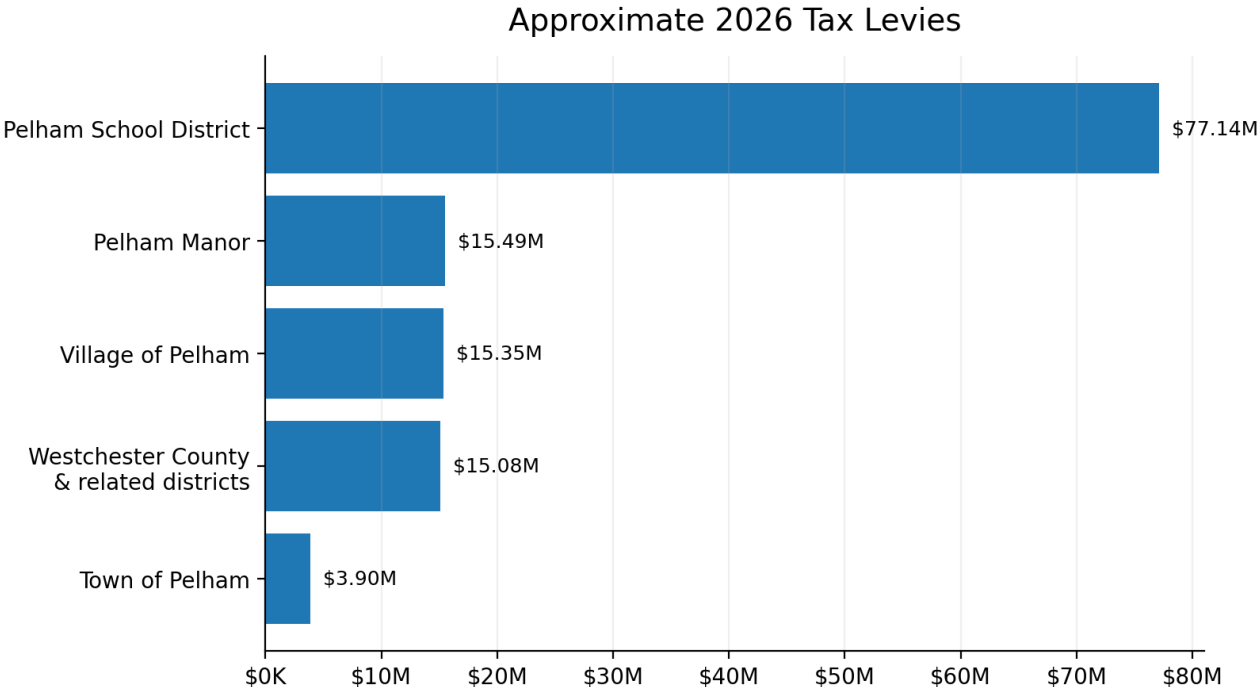
The budget is the total amount a government plans to spend. The tax levy is the portion of that budget that must be raised through property taxes.

For example, the Town's 2026 budget is approximately \$7.84 million, but the Town property-tax levy is approximately \$3.90 million. The difference is funded through other revenues and the use of fund balance.

For 2026, the approximate tax levies are:

- Pelham School District — \$77.14 million
- Village of Pelham Manor — \$15.49 million
- Village of Pelham — \$15.35 million
- Westchester County and related districts — \$15.08 million
- Town of Pelham — \$3.90 million

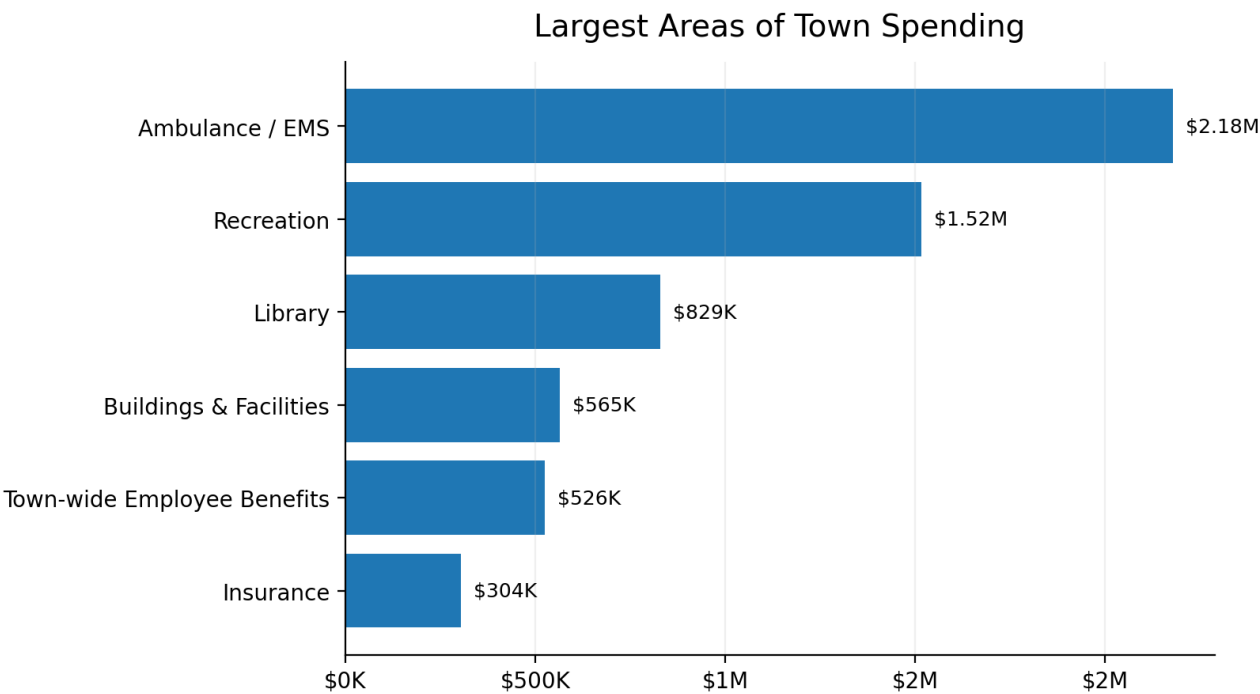
The Town levy is therefore only one part of the overall property-tax bills received by Pelham residents.



Comparison only: residents pay the levy for their own Village, not both Village levies.

What are the Town's largest areas of spending?

The Town's adopted 2026 budget totals approximately \$7.84 million. Rather than walking through every budget line, the following highlights some of the largest areas of Town spending:



Selected major spending areas in the adopted 2026 Town budget.

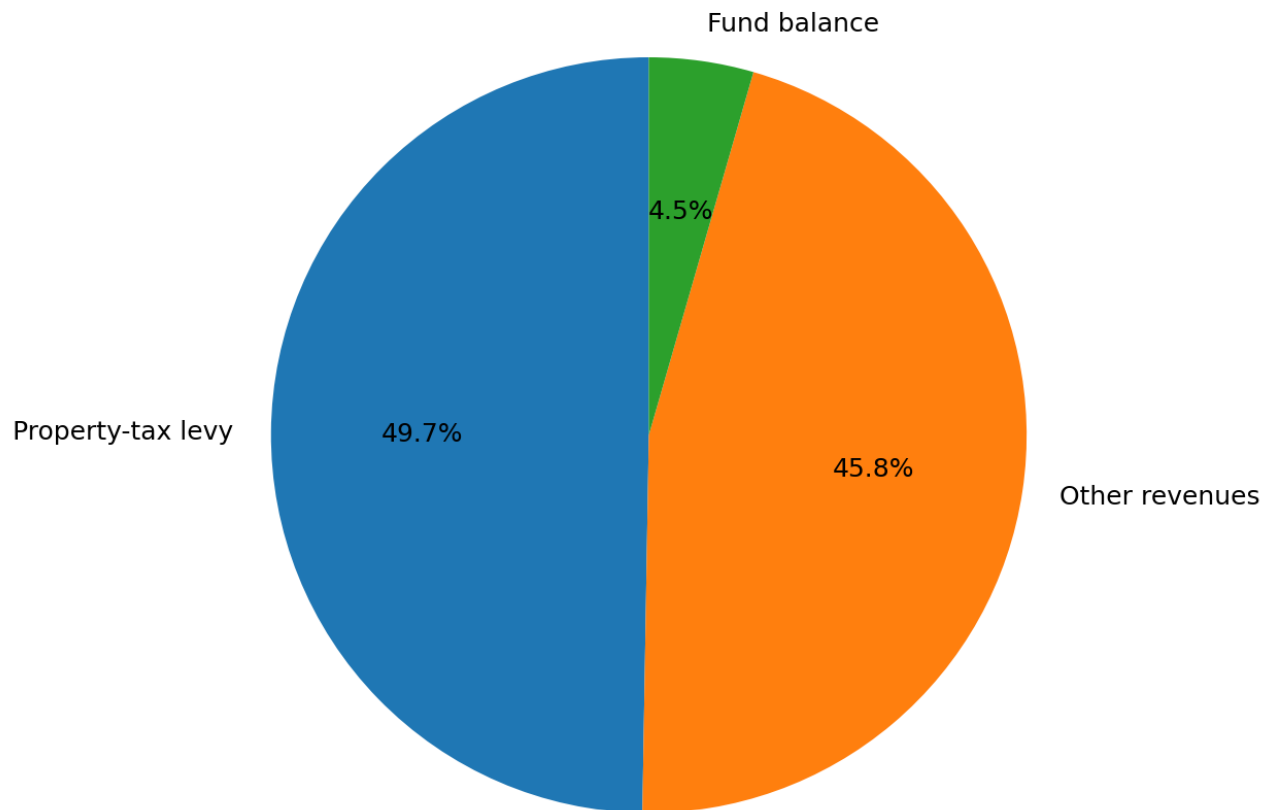
Together, these major categories account for most of the Town's 2026 spending. The balance supports the Town Court, Assessor, Tax Receiver, Town Clerk, financial administration, legal services, senior and community programs, and other Town operations.

A note about employee costs: Salaries and health insurance are generally budgeted within the departments where employees work. For example, Recreation's approximately \$1.52 million budget includes Recreation salaries and health insurance. The separate Town-wide Employee Benefits account primarily includes retirement, Social Security, workers' compensation and unemployment costs, as well as retiree health-insurance costs.

How was the 2026 budget funded?

The Town's \$7.84 million budget was funded from three principal sources:

How the 2026 Town Budget Was Funded



2026 adopted budget funding: approximately \$3.90M levy, \$3.59M other revenues and \$350K fund balance.

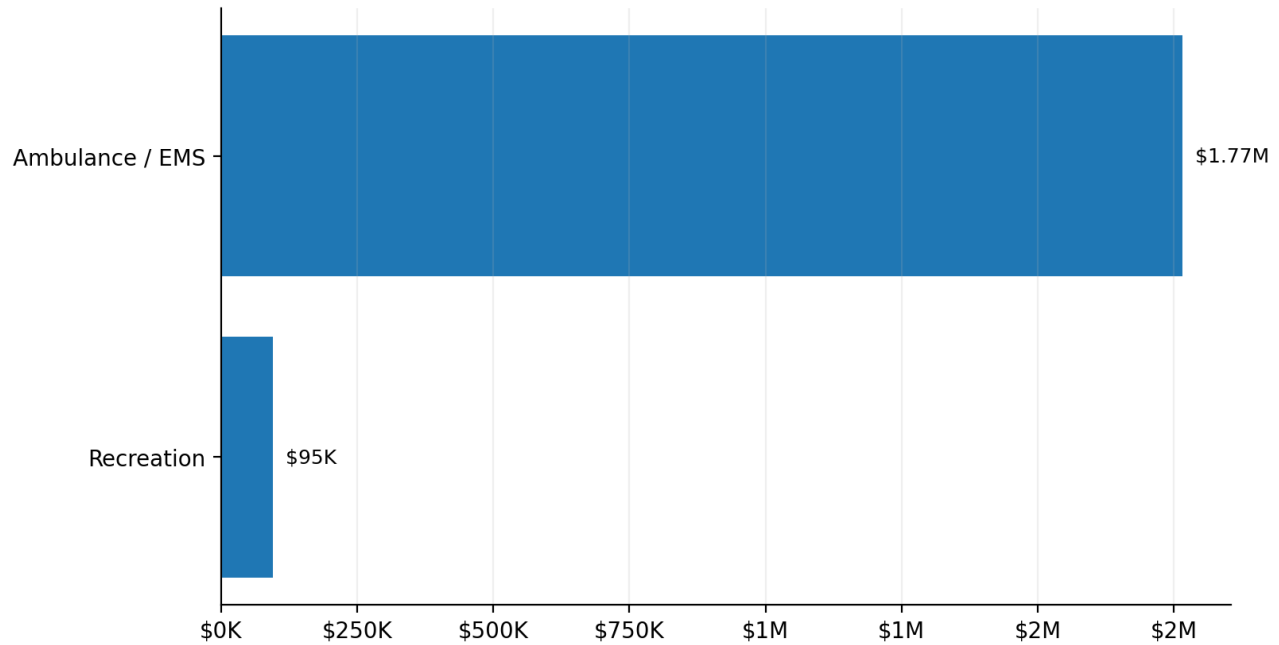
Approximately half of Town spending was therefore funded through the property-tax levy. The remainder was supported by other revenues and \$350,000 from accumulated fund balance.

What do some services cost after their direct revenues?

Some Town services generate revenues that offset part of their cost. Looking at their budgeted expenses together with their expected direct revenues gives a better picture of their budgeted net cost.

Service	Budgeted Expense	Budgeted Direct Revenue	Budgeted Net Cost
Ambulance / EMS	\$2,178,568	\$412,000	\$1,766,568
Recreation	\$1,516,290	\$1,421,500	\$94,790

Budgeted Net Cost After Direct Revenues



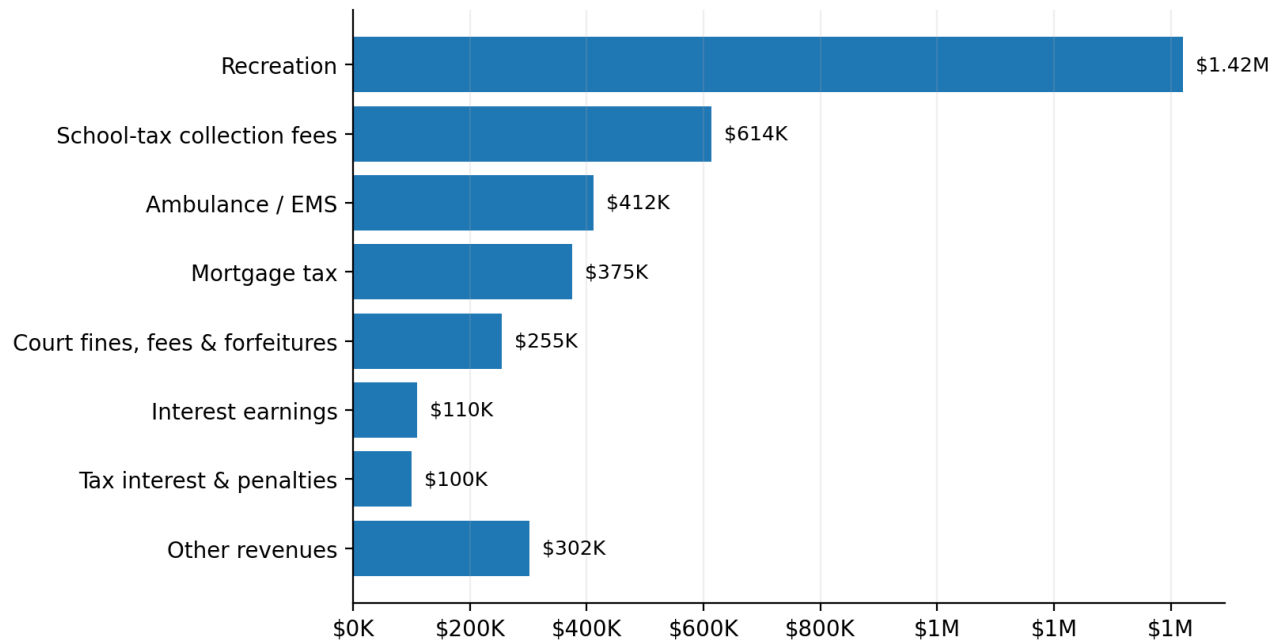
Budgeted net cost after the direct revenues shown above.

These are budgeted numbers, not actual year-end results. The actual net cost will depend on both the expenses incurred and the revenues actually received during the year.

Where do the Town's other revenues come from?

The Town budgeted approximately \$3.59 million in revenues other than property taxes for 2026. Major sources include:

Major 2026 Non-Property-Tax Revenues



Major sources of the approximately \$3.59M in budgeted non-property-tax revenues.

Not all Town revenues work the same way. Some, such as Recreation program fees, are directly related to decisions the Town makes about programs and pricing.

Others are generated by activities the Town does not control. Ambulance revenue, for example, comes primarily from reimbursements for ambulance usage, while mortgage-tax revenue depends largely on real estate activity.

While these non-property-tax revenues help reduce the amount that must be raised through property taxes, many cannot simply be increased to balance the budget.

Looking Ahead to 2027

With the 2026 budget as our starting point, the next question is what we are facing as we develop the 2027 budget.

The Town is seeing increases in several significant costs, including health insurance, other benefits (including retirement), insurance, contractual services and facilities.

New York State's property-tax cap also provides an important benchmark as we develop the budget. For 2027, the State's inflation factor is 3.13%, while the allowable levy growth factor is capped at 2%, subject to the adjustments and exclusions contained in the State's tax-cap formula. For 2027, to be tax cap compliant, our budget can increase by approximately \$93,000.

The tax cap does not prohibit the Town from adopting a levy above that amount. State law allows the Town Board to override the tax cap by adopting a local law with the required 60% vote of the Board.

An override does not itself increase taxes or determine the final levy. It gives the Board the authority to adopt a levy above the calculated cap if the Board determines during the budget process that doing so is necessary.

The question for 2027, therefore, is not simply whether the Town can remain within the tax cap. It is how we balance rising costs, available revenues, the appropriate use of fund balance and the impact of the property-tax levy on residents.

What are the levers for 2027?

There is no single solution to balancing the 2027 budget. We will be looking at both sides of the equation — what the Town spends and the revenues available to support that spending.

The principal areas we can examine include:

- **Personnel costs** — specifically health insurance.
- **Recreation** — continuing to review program costs, participation and fees so that revenues more closely reflect the cost of providing programs.
- **EMS** — reviewing the cost of providing ambulance and emergency medical services as we negotiate the Town's EMS contract for 2027. Ambulance reimbursement revenue is largely driven by usage and reimbursement rates rather than by Town budget decisions.
- **Contracts and purchasing** — competitively bidding significant contracts like our insurance policies and looking for opportunities to reduce costs.
- **Facilities** — using the Facilities Master Plan to prioritize needs and avoid costly short-term decisions.
- **Grants and other revenues** — pursuing grants, reimbursements and other funding opportunities where available.
- **Fund balance** — deciding whether to use the Town's limited reserves to support the 2027 budget.

The Town currently has approximately \$2.1m in unassigned fund balance. In 2026, \$350,000 of fund balance was used to support the budget.

Fund balance provides an important reserve for unexpected expenses, revenue shortfalls and cash-flow needs. It can also be used strategically to reduce the amount that must be raised through property taxes. But it is a finite resource. Using fund balance to pay recurring expenses can reduce taxes in the short term without addressing an ongoing difference between recurring expenses and recurring revenues.

- **Property-tax levy** — after we determine expenses, estimate other revenues and decide whether to use fund balance, the remaining amount becomes the property-tax levy.

$$\text{Town spending} - \text{other revenues} - \text{fund balance used} = \text{property-tax levy}$$

That is the basic equation we will be working through as we develop the 2027 budget.

2027 Budget Calendar

Date	Step
October 14	Supervisor and Town Council review the Town departments and administrative units submitted budget estimates.
October 30	The Supervisor, as Budget Officer, files the tentative 2027 budget with the Town Clerk.
November 9	The Town Clerk presents the tentative budget to the Town Board. The Board then reviews it and may make changes before it becomes the preliminary budget.
December 10	Deadline for the Town Board to hold the public hearing on the preliminary budget. Notice of the hearing must be published at least five days in advance.
December 20	Deadline for the Town Board to adopt the final 2027 Town budget.