



# *2023 Supervisor's Budget Proposal*

## Responsible Fiscal Management & Tax Policy in the Town of Cornwall



The final FY22 Cornwall Town Budget was balanced with a lower tax levy and a one-time ***and unsustainable use*** of the Towns Savings Accounts - which are called “Fund Balances”



For the past decade, the Cornwall Town Budget has relied on a Tax Levy to provide approximately 70% of all Town Expenses to maintain Public Services that residents expect.



Cornwall needs a sustainable and recurring source of revenue to pay for its ongoing operating expenses. We cannot rely on depleting our savings account or one-time budget gimmicks to pay for the services the town needs.



The FY 23 Cornwall Town Budget will need to restore the Tax Levy to a more normalized level of around 70% of expected expenditures in order to maintain essential Public Services.



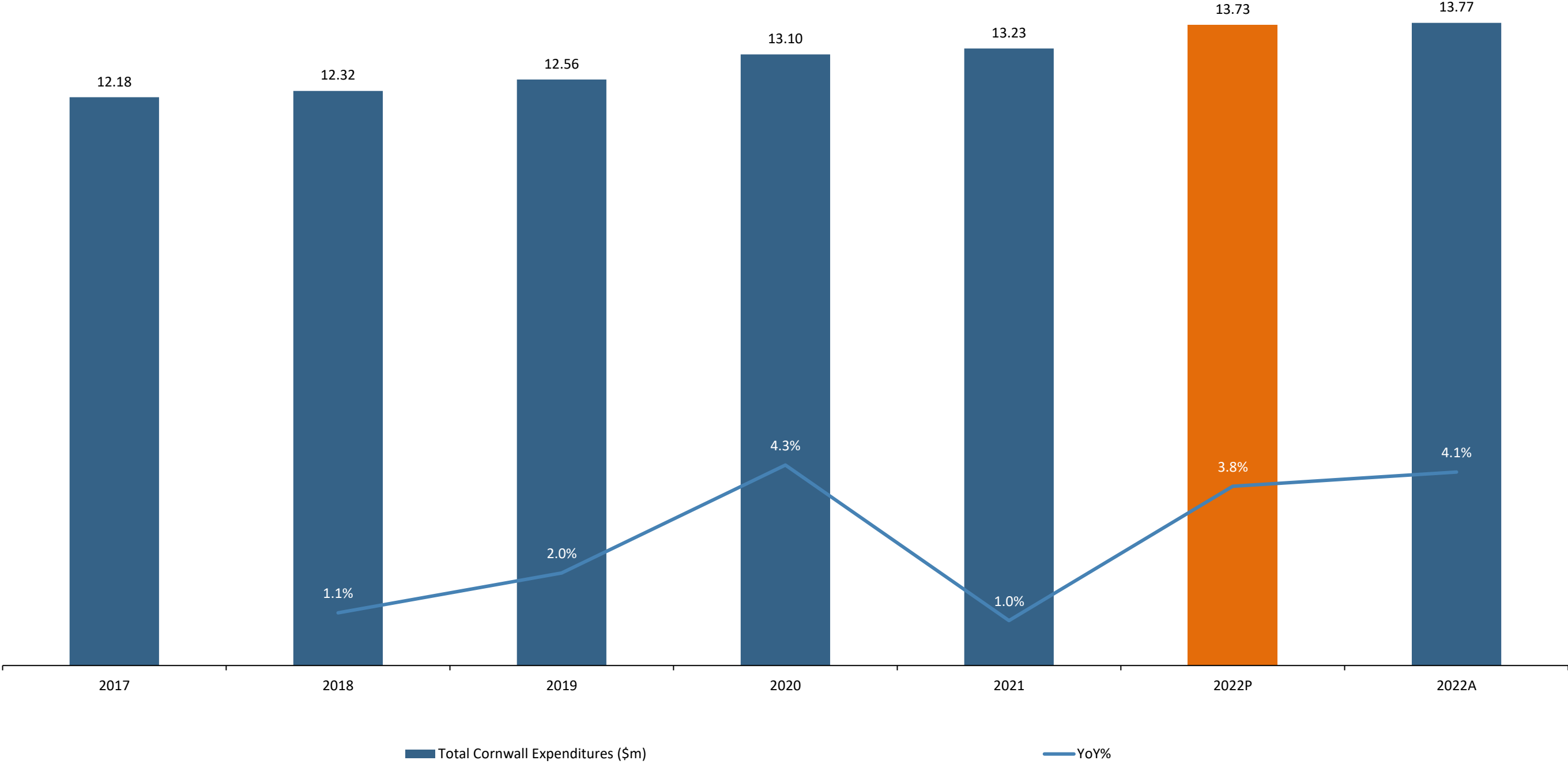
To restore the Cornwall Town Budget to a level which will allow us to **maintain services** will require us to go over the 2% tax cap. There is essentially no growth in tax levels from 2021 – the only reason we need to consider this is because of the one-time tax cut in 2022.



The following slides illustrate some of these facts. Every number here comes directly from our audited financials & adopted Town budgets.

- We have worked closely with town professionals and auditors.
- We have reviewed guidelines from the state Comptroller to develop this plan.

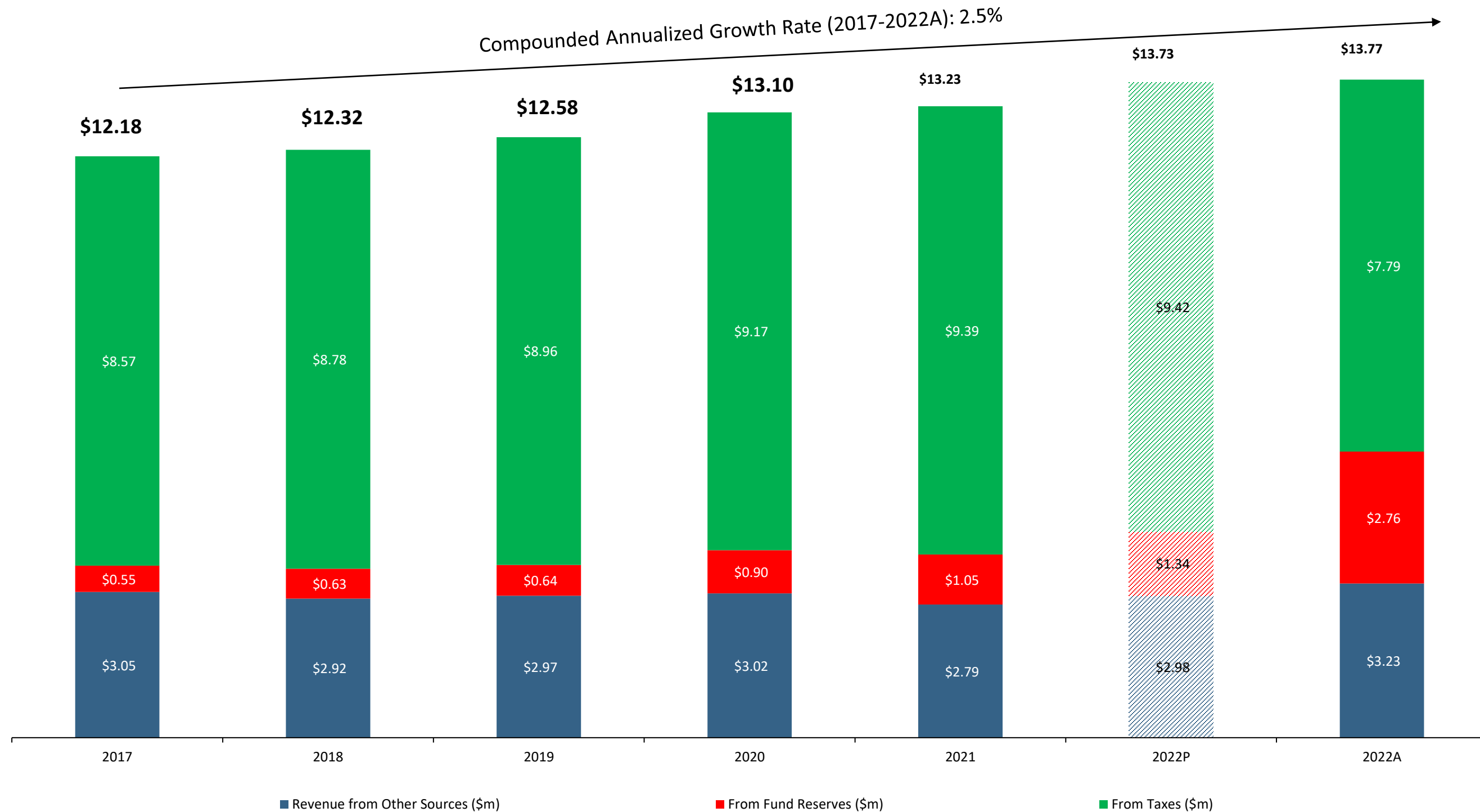
# Total Cornwall Expenditures have remained relatively stable – what changed was how the town paid its operating costs in 2022.



Note:- 2022P: Preliminary – October, 2022A: Actual – Adopted November



# Cornwall Expenditures – Compounded Annualized Growth Rate

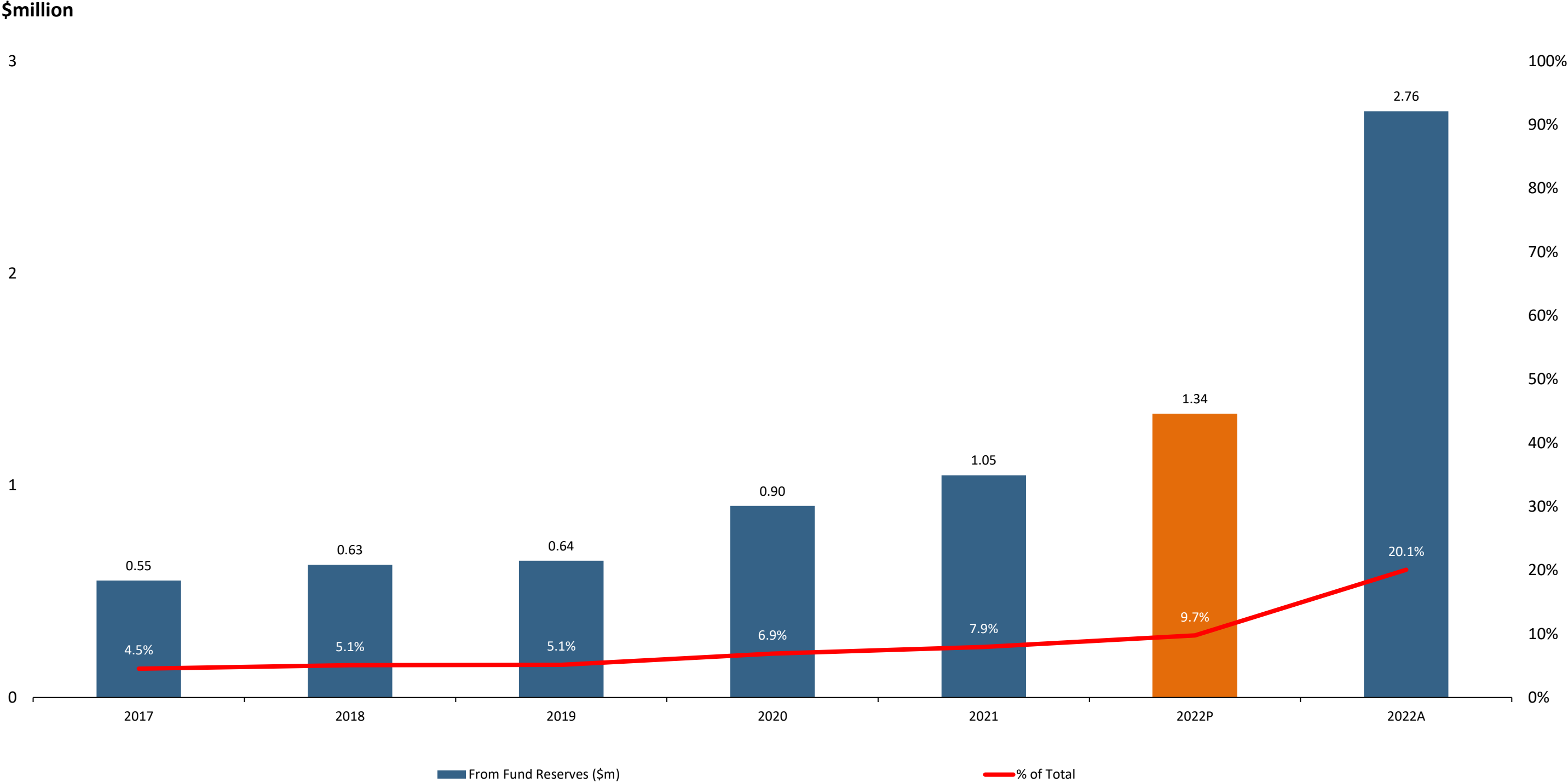


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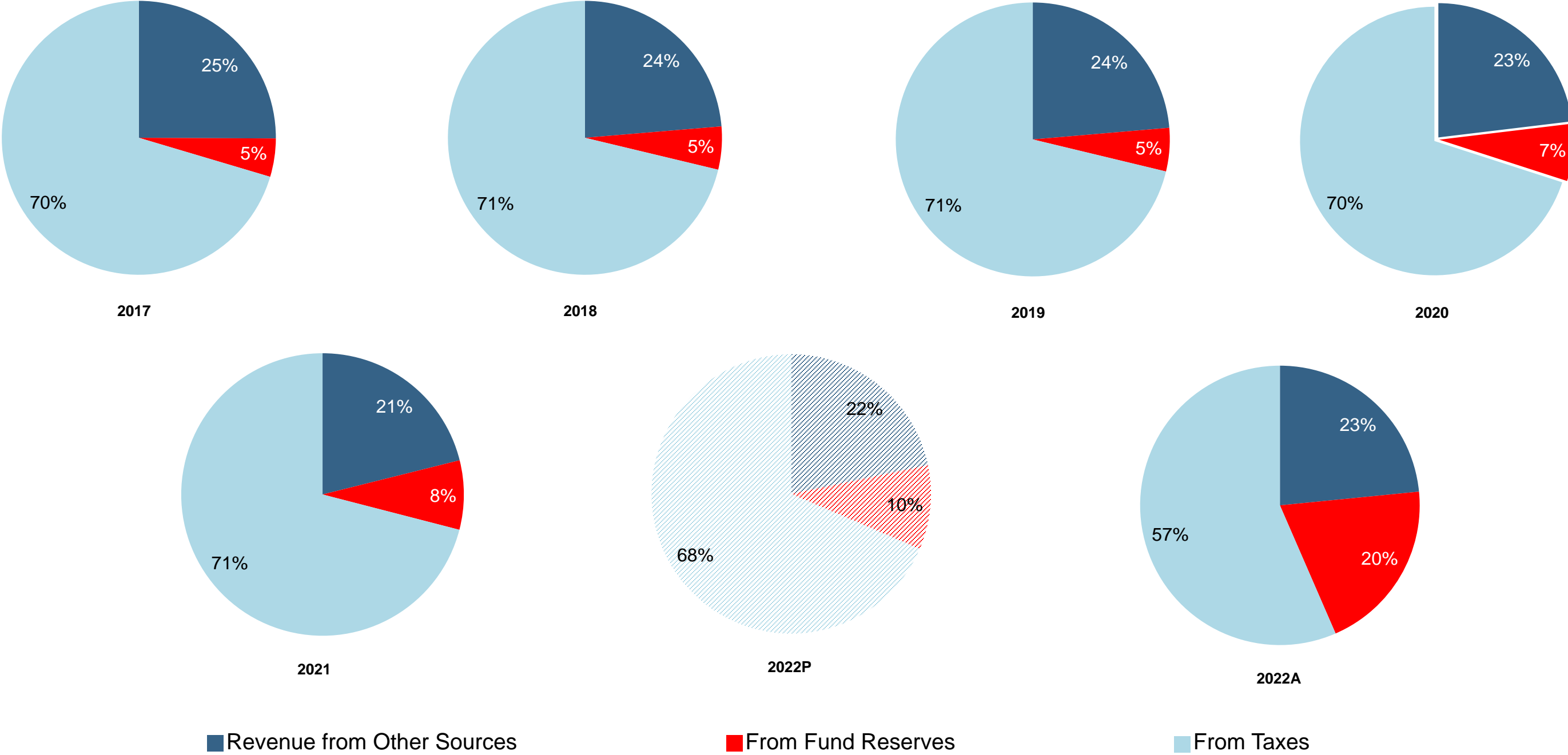
- The prior Supervisor presented a normal budget at a Public Hearing that was funded by an appropriate level of taxes and fund balance.
- This preliminary budget was approved after the November 4<sup>th</sup> Public Hearing.
- The final Supervisor's budget did not have any public oversight or input and was very different than the budget presented to the public.

# We have never used more than \$1.3mm from our savings account to pay for essential services prior to the 2022 surprise budget.



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**Total Cornwall Expenditures – By Source of Funds. As this clearly shows, we have always relied on our tax levy providing about 70% to 75% of our town’s operating expenses – in 2022 the surprise budget had only 57% of our expenses covered by the taxes.**



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- The FY22 final tax levy as approved in the Final Budget relied on gutting the Town's reserves.
- Our professionals have made it clear that this levy is below the level necessary to fund ongoing town services.



# Proposed FY23 Budget Fund Balance and Tax Levy



We are proposing to bring the town back in line with our historical approach to budgeting and taxation.

Town Budget Staff and the Supervisor believe that we can apply up \$1.3-\$1.8 of fund balance to the budget in FY23.

This will keep our tax levy at a rate which was consistent with prior practice.



In order to fully pay for existing Town Services, the Town's financial team estimates that we need to ***restore the tax rate/tax levy back to a normalized level whereby taxes pay 70-75% of annual expenses.***

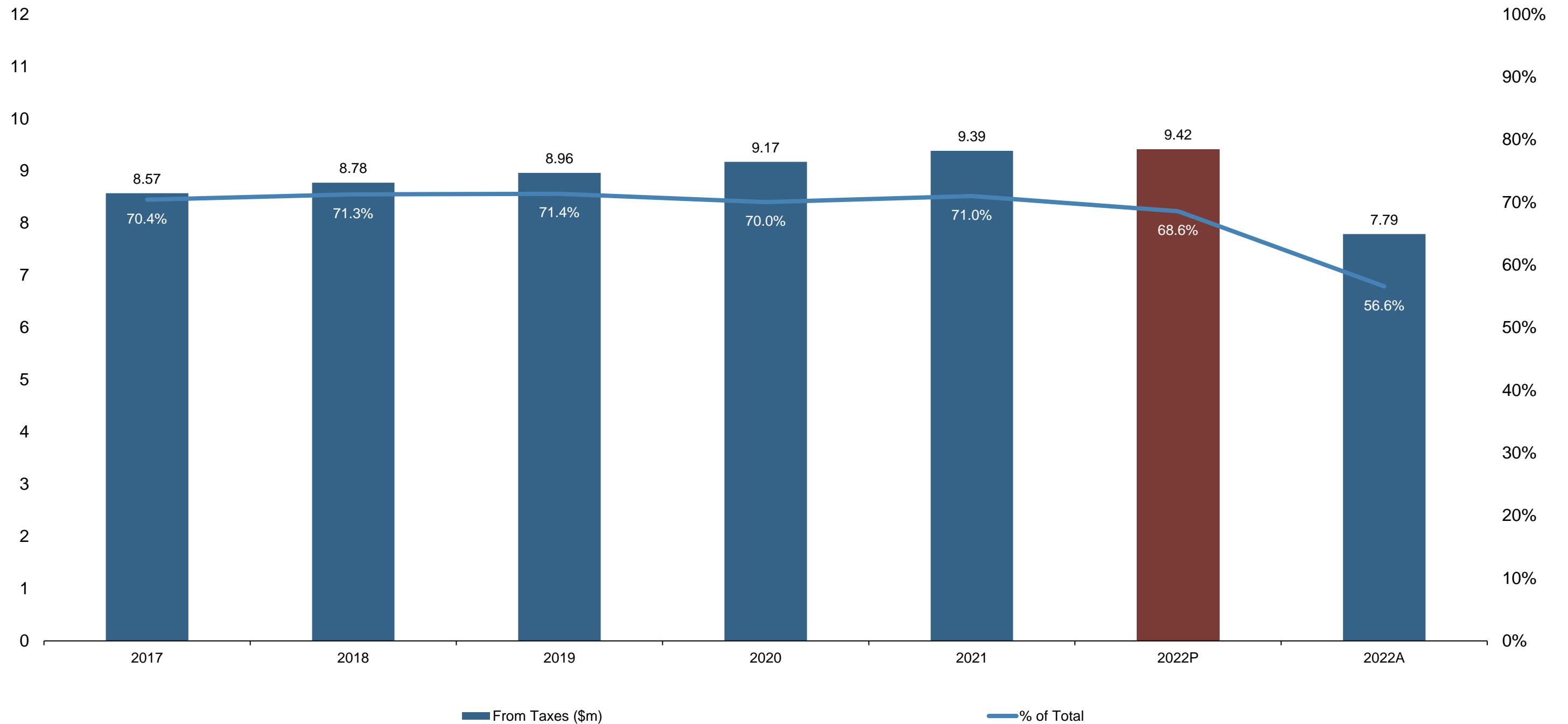
For FY23 we believe that a tax rate around 4.21%-4.5% from the current rate of 2.81% will be required.

These are approximately the same tax rates that were last applied in the FY21 Budget. ***This is not a tax increase from our historical levels.***



# Annual Revenue From Taxes

\$million



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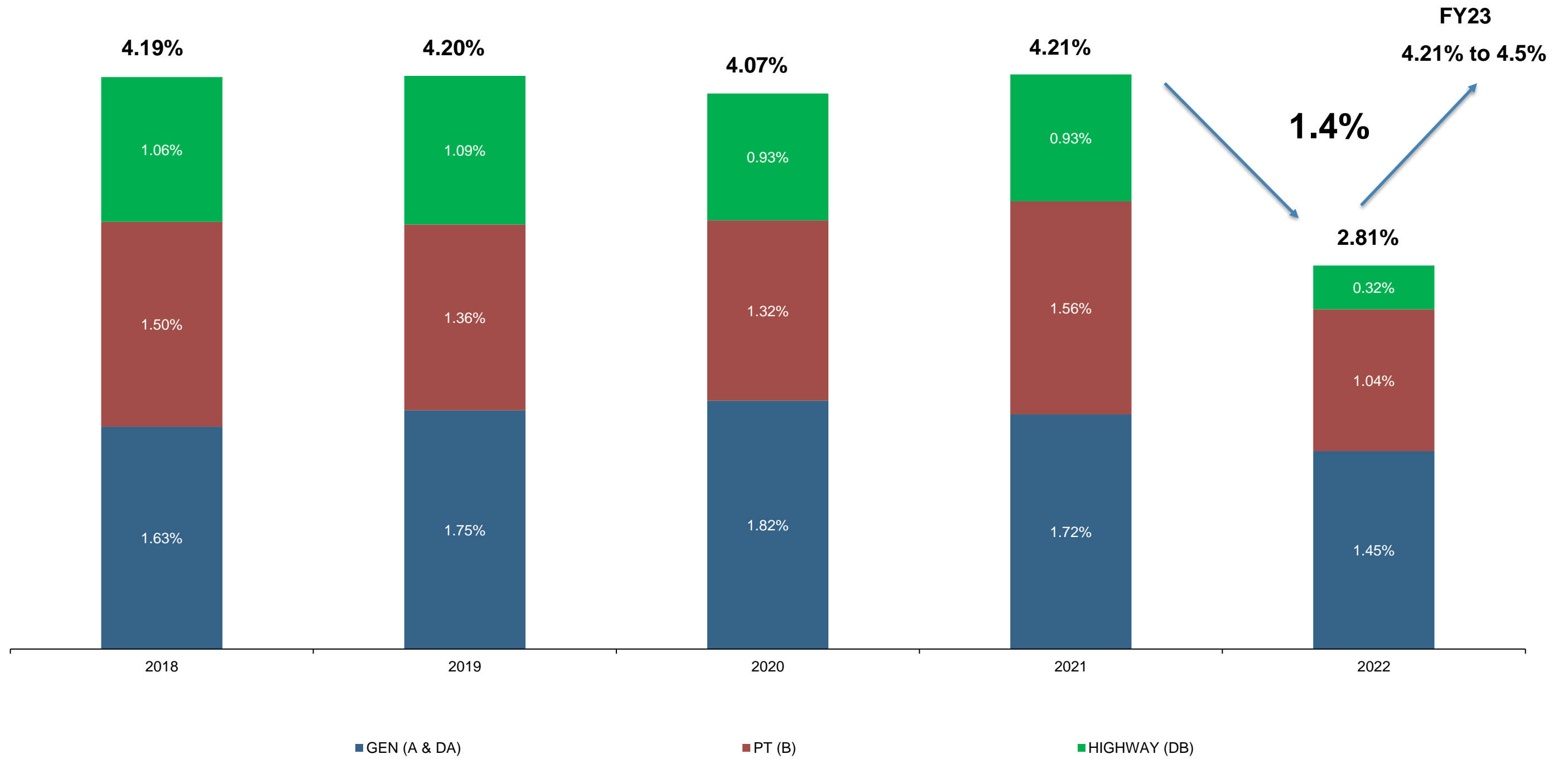
Tax Cap Levy 2021 \$8.156mil  
Tax Cap Levy 2022 \$6.546mil

Decrease in FY22 revenue from taxes - \$1.610mil

Tax Cap Levy Limit for 2023 - \$6.825mil based on 2022 rates

***Estimated Required Tax Levy for 2023 of \$8.2 to \$8.5mil in order to maintain current level of services.***

# Tax rate breakdown





**What happens if we don't bring the tax rates back to normal in FY23?**

**Answer: We need to cut at least **\$1.25 to \$1.5** million from existing town services**



# **Where would these cuts come from?**

**Most of the current spending is on personnel and contracted services.**

## **Every department will be impacted**

- Highway Department
- Sanitation
- Public Safety, Code Enforcement/Building Dept.
- Ambulance Services
- Recreation and Senior Services
- General Services