

Dear Residents:

Orange County, New York

After a lengthy process that followed State guidelines and provided for the most public engagement in recent memory, the Town Board adopted a bi-partisan budget for FY23.

The process began on September 30<sup>th</sup> with the release of the tentative budget, culminating in the adoption of the FY23 Budget on November 1<sup>st</sup>. Prior to adoption the Town Board held multiple budget workshops and a public hearing that included power point presentations and ample discussion among Board Members and the public.

Since early 2022, my office has been communicating with residents that the FY22 budget as adopted by the previous administration was not sustainable and would most likely require bringing tax rates back to NORMAL levels last seen in FY21 to maintain existing services.

#### SUMMARY OF ADOPTED BUDGET:

The Town will see an increase in expenditures for FY23 to \$13,422,196 (excludes Fire Districts which are not controlled by Town of Cornwall). There was a 7.2% increase within the Town's main governmental funds that was driven by multi-year high inflationary conditions, union/collective bargaining agreements and large increases to contractual obligations - health insurance, retirement costs, energy, fuel costs, sewer, and others.

- No major new programs
- No cuts in service
- Filling several critical open positions
  - o Taxes will cover about 65% of the total Town Budget in 2023
  - o Use of Fund Balances of \$1.4 million is 10% of total expenses
  - o The remainder of expenses are covered by non-property tax revenue sources (sales tax and mortgage recording and user fees, etc.)

***Final Tax Rate to pay for services is 4.48% which is an addition of only .27% from the 2021 Tax Rate of 4.21%***

#### Historical Lookback:

- 2021 rate 4.21 per 1,000/home assessed at 300k is \$1,263
- 2022 rate 2.81 per 1,000/home assessed at 300k is \$843
- 2023 rate 4.48 per 1,000/home assessed at 300k is \$1,341

***The 2021 amount of \$1,263 versus 2023 amount of \$1,341 is an increase of \$78 or less than \$10 per month for a house assessed at \$300k***

### **Reasons for Increased Tax Rate in 2023:**

In November of 2021, the outgoing administration balanced the 2022 budget with a large unsustainable use of the Town's savings/fund balance totaling \$2.65 million from the following funds:

Town \$900k  
Part Town \$800k  
Highway \$975k

The tax levy was also reduced by the same amount providing for a tax rate of 2.81% across the Town's main funds.

***This use of fund balance/savings showed up in lower tax bills for 2022.***

This decrease, although welcomed by many residents, was not sustainable since it relied upon a one-time massive use of the Town's savings/fund balance as displayed above. It also created a structural deficit that could only be fixed by drastic cuts in service or bringing taxes back to 2021 levels.

The Town operated according to plan in 2022. When preparing the budget for 2023, we were limited in the amount of fund balance/savings that could be applied to the budget for 2023 due to our fund balance policy and the massive amount that was allocated in 2022.

***A bi-partisan majority of the Town Board decided to maintain services and programming at current levels versus crippling entire departments and putting public safety at risk.***

In order to do that, we had to bring tax rates back to NORMAL in line with levels last seen in 2021. Residents should look at their taxes over a 3-year period (2021-2023) to see the changes over time by going here - <https://egov.basgov.com/cornwall/>

My goal as Budget Officer is to keep tax rates stable over time and within historical levels necessary to fund services, stay in good standing with the State Comptrollers Office and maintain access to the municipal credit markets.

The goals for the FY23 budget are simple: Return to fiscally responsible municipal budget principles, bring tax rates back to NORMAL, protect public safety and vital services, invest in our infrastructure and activities that will help us to increase commercial tax ratables through smart economic development, and plan for the future.

### **Risks-**

#### **Economic:**

Continued inflation and/or a possible economic downturn poses risks to the Town's non-real-estate revenue sources and budgeted expenses.

**Fund Balances/Town's Savings Accounts:**

In order to recover from the massive hit the fund balances took in 2022, the Town needs to return to a more normalized use and begin building up for the future.

**Infrastructure Needs:**

Due to lack of investment over the years, the Town is faced with infrastructure, vehicles, and equipment in need of repair, upgrade, or replacement.

**Opportunities-**

**American Rescue Plan:**

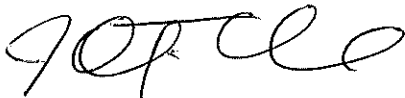
Cornwall has received a total of \$979,177 in two allocations from the Federal Government and has an opportunity to make targeted investments in infrastructure, equipment, vehicles, and projects that will help alleviate the tax burden in the short term with the goal of contributing towards revenue generation over the long haul.

**Economic Development:**

The Town under the Wojehowski administration has been working diligently to attract new businesses, assist existing businesses to expand, take advantage of visitors to Storm King Art Center, West Point or our abundance of outdoor hiking trails, stoke public private investment and encourage smart economic development to build our base of commercial tax ratables.

Please feel free to reach out to my office with any questions that you might have about the FY23 Town Budget. My financial team is happy to walk you through the process and how this impacts you as a taxpayer, resident, or business owner.

Best,



Joshua Wojehowski  
Supervisor