



FY26 Budget Letter to Residents

Dear Neighbors,

As we approach the coming year, I want to share important information about the Town of Cornwall's FY26 Budget—how we arrived at this point, what is driving the changes you will see, and how we are planning for a stronger and more sustainable financial future.

Since 2022, Cornwall has made significant progress improving our infrastructure and overall quality of life. We have repaired or replaced aging bridges and culverts, upgraded parks, improved drainage systems, and invested in critical public facilities. Some of these projects were completed over the last 4 years, others will finish in 2026, 2027 or 2028.

We have done this work while maintaining an efficient municipal operation while adapting to frequent changes, added complexities and additional regulations from the State and Federal government. Every municipality can always do better on this measure and we intend to take a hard look at each department over the year ahead.

The bi-partisan adopted FY26 Budget also reflects financial pressures from the need to invest in infrastructure, public safety and our municipal work force that can no longer be absorbed without adjusting the Town's tax levy in a meaningful way. We have also begun part one of our plan to reduce the use of fund balance/rainy day savings accounts to pay for everyday operating costs.

Key Facts About the FY26 Budget Leading to Increase in Tax Levy

- **Total expenses are increasing by approximately \$1.1 million**, from \$16.1 million in FY25 to \$17.2 in FY26. These increases are driven primarily by:
 - Settled PBA and CSEA labor contracts
 - New EMS Contract
 - Rising health insurance and pension costs
 - Debt service associated with recent and scheduled capital improvements
- **Use of fund balance (or the Town's rainy-day savings accounts) is being reduced** from \$2.2 million in FY25 to \$1.3 million in FY26 in the four main operating accounts—a \$900k reduction—to protect long-term financial stability.
- **Local Property Tax Exemptions were increased for veterans, disabled individuals and seniors living on very low incomes** to adjust for inflation in the overall value of benefits after decades of having zero changes.
- **Existing Non-Property Tax Revenues (Sales Tax, Mortgage Recording) remain relatively flat** at approximately \$3.75 million.

- **Other Non-Property Tax Revenues (Hotel/Short-Term Rental, Film Production and Facility Use/Rental)** look promising over the next 2-3 years but will take time and effort to grow.

Impact of Budget Pressures on Residents

- **The tax levy will increase** from \$9.96 million in FY25 to \$11.95 million in FY26, reflecting both rising expenses and reduced reliance on our rainy-day accounts.
- **Combined tax rates across the four primary operating funds** will increase from approximately 5.01 to 6.64, resulting in an average increase of about **\$45 per month** for a typical home outside the Village.
- **Village residents** pay Town or General Fund taxes and will see an estimated increase of approximately **\$7-9 per month** for typical home.
- **Property owners in sewer districts subject to NYS DEC consent orders** will see varying increases depending on the scope and size of specific projects. We are legally obligated to complete these projects on an approved timeline or face steep daily penalties.

Why the Increase Is Necessary

For many years, the Town relied heavily on fund balance/rainy day saving accounts to hold down taxes instead of investing sufficiently in physical infrastructure or the municipal workforce. These reserves were built during a period of low mortgage interest rates, high real estate activity, and strong mortgage recording tax revenues. Our rainy-day savings accounts were also increased by underpaying municipal employees relative to comparable towns across Orange County.

Over time, Cornwall fell behind nearly every other town in the county when it came to employee wages. That approach became unsustainable following the pandemic, particularly during a period of high inflation that has increased costs across all contractual obligations.

At the same time, much of our infrastructure began to reach the end of its useful life. Federally declared disasters in 2021 and 2023 caused millions of dollars in damage to roads, bridges, and culverts that required immediate replacement or repair, along with increased borrowing costs.

The Town Board provided property tax relief for as long as possible by keeping the overall tax levy low. However, continuing this approach indefinitely would compromise Cornwall's financial stability. The FY26 Budget begins a deliberate and responsible shift away from overreliance on reserves and toward better alignment of expenses, revenues, and the property tax levy.

Investing in Essential Infrastructure

More than **\$12 million in borrowing** (over the past 4-years) has funded critical non-sewer district related projects, including:

- Bridge and culvert replacements (Boulevard Bridge, Taylor Road Culvert)
- Hasbrouck area drainage improvements and sidewalk upgrades
- Riverlight Park improvements (playground, Ice House, new restrooms)
- Highway and Sanitation Department vehicles
- Curie Road retaining wall repairs

These are not optional projects—they are essential investments in public safety, property protection, and quality of life.

The good news is that **over \$7 million in grants** have been secured to support much of the current and future work, with most of the funding expected over the next two to three fiscal years as projects are completed and we are reimbursed by the state and federal governments. **We recently secured \$5.5 million in Swim NY grant funding to replace the town pool.** Unlike school districts, municipalities are not reimbursed for capital projects through New York State aid formulas, which makes it critical that we aggressively pursue competitive grants when they are available.

Our Long-term Financial Strategy Remains Focused On:

- Reducing and ultimately eliminating reliance on rainy day savings accounts to fund operating expenses by FY28.
- Aligning the property tax levy with the true cost of providing services and programming.
- Growing property tax revenues by expanding the Town's tax base through smart growth economic development policies and implementing a plan to increase attainable housing.
- Supporting small business growth and the visitor economy.
- Exploring fair and sustainable revenue sources to reduce pressure on property taxpayers.
- Continued responsible management of municipal debt that supports capital investments in key areas, is bolstered by state and federal grants with advice and planning from our audit firm (Nugent & Haeussler) and our municipal bond advisors (Munistat).
- Pursuing shared service agreements with the Village of Cornwall-on-Hudson, neighboring municipalities and Orange County to reduce costs.

We will continue to manage Town operations responsibly and efficiently—ensuring that every tax dollar is used wisely while investing in the infrastructure and services that keep Cornwall strong.

To further strengthen planning and oversight, the Town Board will be establishing a **new long-term strategic planning and budget advisory committee** in January. I look forward to sharing details soon and putting this committee to work.

Thank you for your continued trust and engagement. Together, we will continue building a community that honors its past and plans wisely for its future.

Sincerely,



Joshua Wojehowski
Town Supervisor
Town of Cornwall