

Overview – 2024 Final Budget

11/16/23

The Town's financial strategy has been and is to maintain sustainably flat taxes over time by carefully managing costs building up cash reserves in good years, and using these cash reserves to pay for capital investments and to cover short term uncontrollable spikes in costs or deteriorations in revenues, like we now face, and are likely to continue to face for the next few years, without raising taxes.

Here is a summary of the proposed 2024 Budget:

1) 2024 Town property taxes are projected to be flat to 2023 taxes at about \$714,000...total expenses are budgeted at \$1,790,075, down from the \$1,827,075 budgeted in 2023; 2024 revenues are budgeted at \$979,650, down from the \$1,014,800, budgeted in 2023; and use of fund balance is budgeted at \$97,000 is down from the \$98,000 budgeted in 2023. Detailed variances are presented in the Major Variance Summary, but here are some highlights:

2) Salaries are budgeted to go up between 3-3.5% in 2024, about \$22,000. We have also budgeted \$10,000 to increase the capacity of the ZEO/CEO from three days a week to four days to keep up with increased Building Department activity and revenues, 2024 Building Department revenues are budgeted to increase \$15,000 over 2023.

3) Health insurance is budgeted to be flat based on lower than expected premium price increases and a change in the mix of family & individual plans.

4) State retirement is budgeted to be up \$12,000, to \$53,000.

5) Sales tax has been budgeted to be flat to expected 2023 levels of \$432,000. There may be a \$10,000 to \$20,000 opportunity in this budget in 2024 if the county economy stays strong, or a major risk if there is a serious recession that causes consumers to reduce spending.

6) Mortgage tax has been budgeted at \$35,000 in 2024 compared to actual revenues of \$33,000 in 2023 and a 2023 budget of \$ 50,000. The 2024 budget reflects the current high-rate environment and the slowing of home sales.

7) Interest earned on funds (T-Bills) is budgeted at \$50,000, down from a projected \$75,000 in 2023. The 2024 budget assumes we invest \$1 million on average during 2024 in 1, 3 and 6 month T-bills yielding at least 5%. The actual amount we will earn on T-bills in 2024 will depend on interest rates. and our available free cash.

8) Highway spending and revenues are budgeted flat to 2023.

9) The 5 Year Capital Plan assumes we will spend \$552,500 in 2024 on capital projects - \$450,000 in highway investments (new plow truck @\$300,000 and two new

truck bodies @\$150,000) and \$102,500 in community investments (\$67,500 for AOH and \$35,000 for housing) which will be paid for from the fund balance and are not part of the 2024 tax levy. If we do everything in the 2024-2028 Capital Plan and continue to allocate at least \$50,000 a year to our fund balance for capital projects, we will spend a total of \$937,000 over the next five years and will have a projected 2028 year end cash balance of \$584,000.

10) Looking ahead, if we move into a recession triggered by high interest rates that cause sales and mortgage tax revenues drop while prices continue to escalate, we will be forced to review spending, postpone major discretionary investments and cut back in categories that are under our control in both the general fund and in the highway fund.

Additional variance details are available in the Major Variance Summary.