

Financial Advisory Council

Minutes

November 10, 2023

Present: Art Bassin, Peter Scola, Hugh Clark, Carol Falcetti

Amy Gold observed.

1. October financial reports and updated year-end financial projections

The October numbers and year-end financials are fairly normal. Nothing extraordinary to report.

2. 2024 Budget - Proposed Final Budget compared to Preliminary Budget and major variances to the 2023 Budget & 2024-2028 Capital Plan & ARPA investments

The flat property tax is \$714,000 which includes \$94,000 from the fund balance. Art Bassin says he included areas of strong revenue which are the building permit fees and T-bills. He reduced the highway department capital allocation from \$100,000 to \$50,000 because during 2023-2024 the town will be spending about \$750,000 on highway capital investments, accomplishing all of the critical things needed. Art Bassin stated that the financial climate over the next few years will dictate whether the town uses more of the fund balance to keep taxes flat. This is based on interest rates, federal government shut-down, inflation and all of the things out of our control.

Looking at the Capital Plan itself, a \$670,000 fund balance is projected for the end of next year, assuming a normal 2024 in terms of sales tax and with a reduction in mortgage tax income. Looking ahead and assuming the \$50,000 capital allocation for the town highway department, the town will end 2028 with \$580,000. The town should be in good shape and will have borrowing opportunities should the town decides to invest more aggressively than is outlined here.

Peter Scola asked about which items Art Bassin had cut back and those are the mortgage tax and court fines based on an anticipated trend in less activity in these areas.

There is no change in the ARPA fund. In January the town will fund Neighbors Helping Neighbors for the transportation labor costs of about \$13,000 annually.

Employee health insurance costs will stay flat at \$80,000 because several employees changed to less expensive plans and because health insurance premiums rose by about 9% versus the anticipated 15%. Health insurance plans are priced at the low end of what's available and there is a 20% co-pay. The town will then cover the cost of the co-pay after the employee pays the initial \$1500. Generally, this has worked well but recently one employee and family have significant health issues and the town is spending \$600 to \$1000 monthly in co-pays. So, investing in a plan with zero co-pays, costing \$400. a month more than the lesser plan, may be less expensive for the town. Art Bassin is looking at this and will present a plan to the Town Board at the December meeting and the Board will decide on which alternative offers the most benefit to the town.

New York State retirement contribution has increased from about \$43,000 a year to \$53,000 a year without explanation. Art Bassin said he suspects that the State retirement system was heavily invested in bonds and when those bonds tanked, "they felt the pain". This serious increase is built into next year's budget.

3. Investment opportunities – Housing, Water, Pavilion, Soar, Pool playground, Pool renovation

There is currently nothing to report.

4. Highway Department

Jim Miller reported that the sand/salt shed is basically completed and the highway department will be purchasing sand and salt. Roadwork is finished and preparations for winter are on-going.

5. Legal – Revaluation and O&G

The town is working with the Long Lake community and there seems to be a settlement to lower their land value by about \$90,000 per property. This would cost the town about 3,500,000 in assessed value but the actual cost in tax revenue to the town is under \$5,000. To date legal fees are around \$7,000 and continued litigation could increase that amount. In addition, there is a settlement deadline of December 1 and if that deadline isn't met then we will not be able to update the tax levy. The town attorney is working toward a settlement before the December 1 deadline and the Town Board has conceptually approved it.

On the issue of O & G, the ZBA is working on it and has had the first meeting. We will see where that goes.

6. Economic environment – government shutdown, inflation, interest rates, price increases, money supply, sales tax, mortgage tax

Art Bassin stated that, “the economic environment is the economic environment”. Peter Scola commented that the varied situations don't meet historical data. He believes that no one really understands what is going to happen and what direction the economy will take and why.

Art Bassin spoke about the current reality which is that big banks are in possession of hundreds of billions of dollars in “under water” T-Bonds which were purchased when rates were 1%, 2% and 3%. Now that rates are 5%, 6%, and 7% the value of T-Bonds has gone down. Theoretically, when rates go back down the banks will get their money back; however, we are looking at a situation where, for now, hundreds of billions of dollars of value have been eliminated from the banking system. Again, there's a lot of uncertainty in the economic environment.

7. Other

The Council decided to put \$4,000 in the 2024 budget for next year's Winter Festival.

Respectfully submitted,
Ann Rader