

## Town of Newstead – Budget Message for 2024

2023 has been a year of several changes for the Town of Newstead, but our community, our residents and our employees have navigated the year successfully with grace and together as a team.

Each year in August the town department heads submit requests for funding for their own portion of the budget. The budget officer then reviews that information, adds the anticipated estimated revenue sources and expenses for the main part of the budget, and sets the tentative budget. Then the Town Board reviews the budget as a whole and recommends necessary adjustments to trim the budget.

A major challenge local governments are currently facing post-Covid is the hiring and retention of new employees and being able to be competitive with wages compared to the private sector. An additional twist with that problem is that employees being hired today are making wages very similar to employees that have served the town and community for many, many years. So, the challenge becomes making employee compensation fair and equitable, especially in light of inflation, enabling us to retain past employees as well as new and future employees.

Another challenge is keeping our buildings and equipment functioning and up to date in a market where expenses have skyrocketed in the past 3 years. It costs us twice as much as it used to for purchasing equipment, repairing equipment and to maintain our town properties. We are at a time when several of our pieces of heavy equipment need replacing and we must address that issue over the next few years. Fluctuations in the amount of sales tax and mortgage tax the town receives as revenue from Erie County have also made it difficult to foresee the future.

The 2% property tax cap imposed by New York State continues to make our town budgets difficult to formulate by restricting town spending, while at the same time mandated expenses from the state and other entities continue to rise, this year by 4%-5% or greater. A reminder, the cap establishes a limit on the annual growth of the tax levied by local governments. It is not a cap on the taxpayer's taxes. When you have 4%-5% increases in state mandated expenses but are restricted to keeping your annual levy growth to 2% or less and then add in falling revenue streams from the state and county, it is evident that this is not sustainable.

Despite all these influencing factors, the Town of Newstead's financial condition continues to be very stable. Our dedication to investments and past conservative budgets enables us to maintain reasonable levels of fund balance, operate and maintain our town facilities, and to set aside reserves for future infrastructure planning, all while staying under the governor's cap. The town also regularly pursues grant funding and partnership opportunities for projects.

Each year we pass a Local Law resolution allowing us to go over the tax cap if necessary. If we don't go over the cap, the prior resolution is rescinded. To date we have avoided going over the tax cap every year except once several years ago. I am happy to report we have managed to stay under the cap once again, but with a warning that the gap between the cap and unfunded state mandates and our allowed growth index is not sustainable forever into the future. At some point we will be forced to exceed the cap.

The overall budget appropriations in the town's tentative budget, which includes all funds, will be \$6,437,945. Amount to be raised by taxes will be \$3,091,924. That amount includes the town wide general fund, highway funds, water districts, fire protection district, refuse and garbage district, and drainage district.

The general fund tax rate will be \$1.069769 (\$1.344627 last year) per \$1,000 taxable valuation. The fire protection district tax rate will be \$0.0798745 (\$1.073471 last year) per \$ 1,000 taxable valuation. The drainage tax will be \$0.076103 (\$0.030651 last year) per \$1,000 taxable valuation. The highway tax rate will be \$0.289167 (\$0.44 last year) per \$1,000 taxable valuation. Water district and sewer rates will vary, but most have dropped or remained the same as last year depending on the district. The refuse fee remains the same as it is set by a 5-year contract and also covers the town's expense for the various recycling programs that the town and village jointly offer. A complete detailed budget and summary of estimated tax rates can be found in the tentative budget. The hearing on the budget is scheduled for Monday, October 23, 2023 at 7:25 p.m.

Sincerely,

Dawn D. Izydorczak  
Supervisor - Town of Newstead