Town of Lisbon

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To: Town Council / Glenn Michalowski, Town Manager / Sarah Bennett, Ast. Town Mgr.
From: Samantha Bryant, Finance Director
Subject: Town Code Sec 92-5 Tax Acquired Property Inventory/Review
Date: July 9, 2024

When working on the budget for FY25, the goal was that Town tax needs would be equal to or less than FY24.

I set a target number of $15.9 million as I thought that was our tax levy in FY24. However, I did not realize that number already included our reimbursements from the state for BETE and Homestead. So I effectively double counted our Homestead and BETE reimbursements within our real estate revenue, as show below.

Account Description		2024 Budgeted	2024 Actual
Real estate and personal prope		($15,902,055.59)	(14,574,588.15)
Homestead exemption		($860,015.49)	(983,937.00)
BETE Reimbursement		($250,596.17)	(250,734.00)
Totals		($17,012,667.25)	($15,809,259.15)

The amount of these actual reimbursements totaling $1,203,408.10 has two impacts on the Town.

It means our unaudited revenues and expenses are not a net ~$2 million, but are closer to a net ~$800k.

Also, it means that when I thought my target for “real estate and personal property” for the FY25 budget was $15.9 million, it was actually closer to $14.8 million (overlay is the $300k difference from this figure and the $14.5 million in the chart above). So when I thought we had kept taxes flat, we actually would be increasing total taxes by $1.1 million.

Given the public discussion we had regarding the budget and my comments at the last Council meeting regarding excessive fund balance, I recommend the use of an additional $1.3 million in unassigned fund balance in accordance with Town Code Sec 86-1.

If the Town were instead to add the unaudited net revenue gain from FY24 of $800k to the remaining audited FY23 unassigned fund balance, we would remain just above 12% of expenses remaining in fund balance. This would also help end the cycle of the Town collecting excess revenue to be spent in following budget years.

In testing these amounts with the Assessor, this change combined with her efforts with our consultant to adjust the assessment cost schedules will accomplish the stated goal of shifting tax burden to commercial properties and away from residential after years of doing the opposite. Most residential properties should see a lower tax bill (with the exception of those who were part of the state mandated then repealed FY24 tax freeze; and property owners who made additions that resulted in higher assessed value, ie. adding a garage), and most commercial properties will see a higher tax bill in FY25 as previously discussed during the budget process.