

The Town of New Market



November 1, 2023

Dear Residents:

I wanted to release to you the Town's FY23 Audit. I have provided some highlights and explanations on how the Town manages your money.

- First, one must understand the Town tries to stay in its lane. We try to stay with the basics to keep our government small yet efficient. We have a hierarchy of needs that prioritizes spending. The most important of these are public safety and infrastructure. Public Safety needs no explanation.

On the other hand, infrastructure is a long-term future expense the Town tries to save for so we do not have to incur debt when it is time to repair or replace it. This future expense is a non-cash expense that does not appear in the statements. It is analogous to the savings account you keep to replace items that might break down in your home. It's not glamorous like a new park item or other programs, but it keeps us out of financial trouble. We look at the cost of our capital assets over their entire economic life, including inflation. We then set up an annuity problem that assumes we keep up with inflation over the long term. We call that annuity amount we call our infrastructure number. I can assure you that the Town looks at its capital assets like no other municipality. This will keep us out of the troubles that other larger governments get into.

- At the beginning of every fiscal year, when the Clerk-Treasurer, Deb Butler, drafts the budget, she tries to meet the infrastructure number as the difference in revenues and expenditures from operations, not from the overall government, which includes capital revenues and expenditures as well as the Speed Camera Program (this is essentially an enterprise fund).

Our infrastructure number for the last few years has been \$437,900. After making the adjustments to have our Income Statement reflect operations only, our excess revenues over expenditures is \$911,651 for FY 23. That is \$473,751 over our targeted infrastructure number. Income Tax revenue is attributable to most of the difference. We received \$360,438 more in Income Tax than budgeted. This increase has been a trend for a few years. It could be due to capital gains, late tax filings, or increased income reported. Deb has been carefully watching this the last few years so we do not over budget Income Tax and thereby Revenue.

- Our Unrestricted Cash balance is \$4.5m. Thurmont, with a population of 6,600, has \$3.3m in Unrestricted Cash. Mt. Airy, with a population of 9,288, has \$5.8m in Unrestricted Cash. With a population of 4,943, Middletown has \$2.0m in Unrestricted Cash.
- Note 6 on pg. 23 is essentially the P&L for the Speed Camera Program. The Restricted Fund Balance of \$139,895 is reflected as a liability on the Balance Sheet on pg. 11. This is how we show

those who claim that these funds are simply a money grab that those monies are a liability in our Balance Sheet and are restricted to their use by statute.

Thanks,

Winslow
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