

FISCAL YEAR 2024 BUDGET REVIEW

I have another year with the platform to brag about the people that I am fortunate enough to work with and the community I choose to live and work in. I could not do my job effectively without Sherri, Brad, Amanda, Nancy, Nick or Nate. We all work diligently in our positions, but each of us also contributes to the success of the Town. Thank you all for the hours you spend researching costs, editing and proofing spreadsheets and documents I create and always being available to help me with whatever I need. The culture we create in our workplace is critical and you all make coming to work a pleasure. Thank you. I also want to give a heartfelt thank you to Kurt Johnson who spends hours of his time every year reviewing my spreadsheets, double-checking formulas and playing devil's advocate when necessary.

And now - The Numbers -

It is most important to understand that over 70% of what taxpayers pay on their property tax bill is the education tax. It has nothing to do with the Town; our revenues, or our expenses. The Vermont Department of Education sets the education tax rate and we simply collect the money for them. This year the homestead education tax was 71% of what you are paying in taxes, so if you paid \$1000 in property taxes, \$710 goes directly to the schools and only \$290 to run the town, maintain the roads and provide services to residents. We control the expenses of the town and our goal is to craft a budget that allows us to meet the demands of our town while keeping taxes as stable as possible. We are also always looking at the past and projecting the future because it is not effective to only look at the current budget year.

I have created a *Budget 2024 Guide* and it is uploaded on the Town of Underhill website and copies are available at Town Hall or we are happy to mail you a copy. I suggest using it to follow along with the budget by line number. If you have questions or require more clarification, please reach out to me.

In summary, our total expenses are not increasing, but we need to raise more money through taxes in FY24 than we did in FY23 because while our total expenditures are not projected to be higher, our non-tax revenue, typically used to offset expenses, is lower. The town balances use of debt and reserve funds to help keep tax increases low and at the projected .5280 municipal tax rate while it is .0572 cents higher than FY23, it is actually lower than FY22 (.5304) and about the same as FY21 (.5224). Keep in mind that a 12% increase in the municipal rate is really only about a 3% or 4% increase on the tax bill since the muni portion is only 30% of what you pay in total taxes. I also point out that the tax rate is an equation based against the Grand List; the sum of appraised value of all properties in Underhill, increased by around 40% in FY23 when the reappraisal was complete, so the total expenses needed to be raised is higher but with a bigger grand list, the rate doesn't appear as if it went up. It's basic math, but even if the rate stays the same, if your property value increases, your taxes will too. All the numbers are moving targets and you have to look at the past and the future to get the complete picture.

Coming on the heels of using highway reserves to cover the gap in revenue in FY22 when we completed major bridge rebuild and paving, unfortunately once again there was no surplus to add to reserve funds last year and therefore it will be necessary to utilize more tax dollars to balance the budget. Our non-tax revenue is projected at \$384,370 as opposed to last year's \$953,988; a nearly 60% decrease.

There are no paving projects in FY24 therefore there are no large paving grants here either. They would appear as non-tax revenue if there were any.

Generally, expenses for goods, labor and services are up. Everyone is feeling it. For example, according to the Consumer Price Index, the price for food at home is up [13.5%](#) for the year that ended in August of 2022. The Town of Underhill is no exception and it is especially evident in professional and technical services. This year alone the cost to Underhill for Essex Rescue is going up 51.8% and our share of the Underhill Jericho Fire Department appropriation is up 27.1%. The Selectboard also approved a cost of living adjustment for all full-time and regular part-time employees to match the [Social Security Administrations Cost-of-Living Adjustment \(COLA\)](#). This will be used each year to determine base wage increases and a new system for implementing merit based wage increases will be considered next year. Approximately 70 million Americans saw their Social Security and Supplemental Security Income increase by 8.7% January 1, 2023. Recruiting, retaining, and rewarding employees by paying them livable wages is critical to the Town's success.

The Town is still seeking to hire a Road Commissioner and a recruitment firm was contracted. We have the expenses for salary and benefits estimated in the enclosed budget. Inflation has increased much of the costs for repairs, maintenance, and purchases and this is evidenced in the budget. Anywhere Nate can save money for the town, he will! This year we spent over \$600,000 in paving so in FY24 there is no paving however the short-term note for the paving in FY23 will be paid off as evidenced in the budget.

You will note that several items on the Warning for your approval are NOT included in this budget, and if approved, will not increase the budgeted revenues and expenditures for FY24. The purchase of a new excavator and trailer to haul it are articles on this year's ballot and will not add an expense to the FY24 budget because the first loan payment would not be made until FY25.

Finally, I would be remiss if not mentioning the Federal ARPA money that the Town of Underhill received. We have received \$922,599.21 dollars and the Town has formed an ARPA Advisory Committee, sent out townwide requests for project submissions and completed a survey all with the goal of spending nearly \$1 million. The Selectboard has the ultimate vote and the Town has to meet the federal requirements of the grant and have the money committed by 12/31/2024 and spent by 12/31/2026 with the input of residents, staff and committees this money will certainly leave meaningful, positive, and lasting footprints on an otherwise miserable time in our history.

Submitted by Jennifer Silpe-Katz, Finance Officer