

## **Budget Notes**

**DRAFT 1/9/25**

This document provides some details about the budgets contained in the Town Report. It is hoped that these details will help provide a better explanation and understanding of the municipal budget.

The notes are divided into two sections

- 1) General Budget Notes: Provides information which applies generally to the budgeting process.
- 2) Budget Notes Specific to the FY26 budget: Provided information specific to the FY26 Budget.

### 1) General Budget Notes:

- The majority of the Municipal Budget that is presented for approval by the voters is prepared by the Selectboard with feedback from Town Staff.
- The Library section in the Municipal Budget is prepared by the Library Trustees with feedback from the Library Director.
- Water and Sewer.
  - The Water and Wastewater budget contained in this Town Report shows the approved FY25 Water and Wastewater budget that was approved at the Water and Sewer Annual Meeting on May 21, 2024.
  - The Water and Sewer budget is not on the ballot in March.
  - The Water and Sewer budget is not part of the tax rate.
  - The Water and Sewer rates are paid by the customers of the Water and Sewer Department.
  - The 2025 Water and Sewer Annual Meeting will be held in May of 2025, the exact time and date to be decided by the Water and Sewer Commission. Please join us for that meeting where the FY26 Water and Sewer budget will be discussed and considered for approval.
- The Town is responsible for collecting taxes for the municipal budget and for the school. These amounts are combined on your tax bill. The school tax generally accounts for about 70% of the combined total of municipal and school taxes.

- Explanation of Reserve Funds and Unassigned & Restricted Funds.
  - Reserve Funds function like savings accounts and are typically used for larger capital purchases or projects. Funds can be added to the reserves yearly from tax revenue and that amount is decided by you, the voters.
  - Unassigned and Restricted Funds are a combination of underspending and unbudgeted revenue – i.e., Surplus, reverts to the unassigned funds and restricted funds.
    - Restricted Funds are designated specifically to the Highway Department and may not be used for expenses in any other department.
    - Unassigned Funds may be used for any Town expense, including Highway expenses.
    - In November 2023 the Selectboard adopted the Fund Balance Policy which puts a limit on the total of unassigned and restricted funds of 15% of the budget.
    - Anything over 15% must be used for emergencies or put toward the next budget to reduce taxes raised.

## 2) Budget Notes Specific to the FY26 budget.

- Fiscal Year Explanation.
  - Fiscal Years are named according to the calendar year in which they end.
  - The previous fiscal year was FY24.
    - FY24 began on July 1, 2023 and ended on June 30, 2024.
  - Currently it is FY25.
    - FY25 began on July 1, 2024 and will end on June 30, 2025.
  - The budget being voted on is for FY26.
    - FY26 will begin on July 1, 2025 and will end on June 30, 2026.
- Spending from FY25 to FY26 is down by \$45,333. The budgeted FY25 Expenses were \$4,915,898. Budgeted FY26 Expenses are \$4,870,565.
- Tax Rate:
  - The tax rate presented here, and all estimates that follow, are based on and estimated FY26 Grand List value.
  - There will be some adjustments to the Grand List between now and when the Selectboard sets the final FY26 tax rate in July 2025.
  - The tax rate is budgeted at 0.5308, which is an increase over FY25 of 6.83%. This tax rate results in \$530.83 in taxes per \$100,000 of property value.

- While budgeted expenses are down from FY25 to FY26, the tax rate increase is due to a lack of Unassigned and Restricted Funds to use to offset the tax rate. This lack of funds is due to the July 2024 flood which created expenses of around \$2M.
  - In FY25 \$433,186 of Unassigned Funds were used to help offset the amount of funds that needed to be raised in taxes.
  - In FY26 there is only \$78,647 in unassigned funds available to help offset the amount of funds that need to be raised in taxes.
- Conservation Reserve Fund.
  - The Conservation Reserve Fund is a separate article on the ballot. It is not included in the budget as presented. If this passes it will be an addition to the tax rate and to the budget.
  - The question on the ballot is to approve funding the Conservation Reserve Fund by adding one cent to the municipal tax rate in FY26.
  - The estimated contribution to the Conservation Reserve Fund would be \$80,503 based on the estimated Grand List value of \$8,050,387.
  - If this article passes the actual funding for the Conservation Reserve Fund will be based on the Grand List value when the tax rate is set.
  - \$80,503 added to the budget will increase the estimated tax rate increase from FY25 to FY26 from 6.83% in the proposed budget to 8.84%. This represents an additional \$10 in taxes per \$100,000 of property value.
- Social Service Appropriation Requests are voted on separately by the voters.
  - If all the Social Service Appropriation Requests are approved it would add \$19,375 to the budget, and would increase the estimated tax rate increase from FY25 to FY26 from 6.83% in the proposed budget, to 7.31%. This represents an additional \$2.41 in taxes per \$100,000 of property value.
  - Every \$1,000 added to the budget increases the tax rate by 0.025 percentage points. This represents an additional \$0.12 in taxes per \$100,000 of property value.