



Village of Wappingers Falls

INCORPORATED 1871

2582 SOUTH AVENUE, DUTCHESS COUNTY, WAPPINGERS FALLS, N.Y. 12590-2701

Office of the Treasurer

As we begin the planning process for the 2024-2025 budget, it's critical to confront the significant financial challenges and obligations confronting the Village. This memo highlights essential considerations that must be addressed as part of the budgeting process.

1. Non-Negotiable Obligations:

The upcoming budget must include several non-negotiable obligations, including substantial raises for employees totaling more than our allowable tax cap at approximately \$ 126,000 (this does not include the additional steps and in some cases shift differentials) and soaring health insurance costs, which have surged by an unexpected 9% this year. The burden of health insurance costs, which is particularly noteworthy due to minimal employee contributions and the absence of contributions from retirees, is unsustainable. The Village covers all health insurance costs for retirees, contributing to an overwhelming amount of annual healthcare expenses of approximately \$900,000. The contractual obligations coupled with the increasingly high healthcare costs, must be addressed.

2. Ambulance Service Contract:

Our previous ambulance service contract has expired, and the new agreement carries a significant increase of \$110,000, bringing the annual amount to \$147,600, surpasses the allowable tax cap and complicates budgetary allocations when coupled with overall increasing costs in all categories.

3. Financial Management Challenges:

Staff turnover in the Treasurer's office throughout 2022 and 2023 led to delayed payments and overlooked obligations, including \$365,000 in unfunded employee retirement benefits and a \$123,000 debt to our utility provider. Newly board approved contracts for employees have resulted in \$65,000 in retroactive pay, still to be paid. Unreported and miscalculated federal and state tax obligations have created tremendous penalties and fines which I have worked to abate and negotiate. These issues, among several others, have resulted in a deficit of approximately \$775,000, which alone constitutes a 13.5%+ increase over the prior year's budget.

4. Debt Accumulation and Project Mismanagement:

Over the past seven years, previous administrations borrowed funds and applied for grants which in many instances required matches by the Village for several

projects, including the boathouse, Clinton Dam, Franny Reese Park, and the water quality project, which have imposed a significant debt service, complicating financial planning going forward. Moreover, and most critically, matches required by the Village were not budgeted for and in some cases, the borrowed funds were not fully spent for their intended purpose and were diverted to cover everyday obligations, which exacerbated the debt burden by creating significant budget shortfalls since 2021. This masked the fact that past budgets were not accurate and unsustainable.

5. Budgetary Overspending and Unforeseen Expenses:

The 2023-2024 budget was forecasted as best as it could have been based on the tangible information presented but was derailed by significant expense overruns in a couple departments and complete disregard for outstanding bills from past budgets. In addition, unforeseen costs, including a \$165,000 shortfall in an infrastructure project at Dutchess Plaza, have further burdened the Village's finances.

It should be noted that this is only a brief overview of the financial challenges facing the Village. It is essential that all departments exercise fiscal prudence and collaborate closely with the Board during the budgeting process. I cannot stress enough that the Board of Trustees must prioritize essential services and explore other ways to fund necessary services for cost-saving measures and revenue generation.

Furthermore, it is imperative that the board embrace fiscal prudence and put an end to maintaining the status quo. New policies have to be implemented and all non-essential expenditures must be critically evaluated and addressed by the administration. While these discussions may be challenging and have previously encountered resistance, they are crucial for ensuring the Village's financial stability and future prosperity. Engaging in these conversations with openness and a forward-looking perspective is essential for navigating our current financial landscape.

As residents, you deserve the opportunity to understand the process and challenges. I will be available to go over components of the proposed budget, answer your questions and hear concerns in the Village Courtroom on the following dates:

- Tuesday the 16th from 5pm to 7pm
- Monday the 22nd from 5pm to 7pm
- Tuesday the 23rd from 5pm to 7pm

Please feel free to reach out to my office for any clarification or assistance during the budgeting process.

Respectfully,

Lori Jiava
Village Treasurer