

## MEMORANDUM

To: The Hinesburg Selectboard

From: Trevor M. Lashua, Town Administrator

Date: February 2, 2015

Re: Proposed FY16 Town Budget

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The proposed FY16 budget includes an increase in expenditures of 2.14%, not including reappraisal. Reappraisal, which costs \$78,000 per year and will take two fiscal years to complete, is fully funded through monies already collected and set aside only for that purpose. The total increase in expenditures, including reappraisal, is 4.68%.

The proposed FY16 budget requires an increase in the tax rate of 2.99 cents from the rate approved for FY15.

### Revenue

Total non-property tax revenue for FY16 is projected to be \$521,450. This includes the \$78,000 in funds for reappraisal.

### Grand List Growth/Loss

The proposed FY16 budget utilizes a grand list growth projection of 1.08%, the average rate of growth between FY07 and FY15.

### Fund Balance

There is no unassigned fund balance available to lower the FY16 tax rate. Draft audit documents show the unassigned fund balance as nearly \$245,000, close to the minimum unassigned fund balance threshold (7.5% of budgeted General Fund expenditures). In setting the FY15 tax rate, the Selectboard applied \$142,500 in unassigned fund balance, lowering the rate otherwise required by 2.76 cents. Between FY07 and FY15 more than \$1.1 million in unassigned fund balance was used to lower municipal property tax rates.

### Expenditures

Proposed expenditures total \$3,216,088, including \$78,000 for reappraisal. Without reappraisal, the \$3,138,088 proposed budget is an increase of \$66,028 from the budget approved for FY15 (\$3,072,060). The proposed budget includes:

- Funding for an additional, part-time planner (20 hours per week). The half-time planner will assist with the growing development review demand, among other departmental tasks.
- Reorganization of existing staff, with the special projects coordinator moving exclusively to the Administrator's office (currently the position is split evenly between the Administrator's office and Planning and Zoning).
- An increase in property and liability insurance (+\$16,000). The change is partly due to an increase in the value of property and equipment insured and the use of a lower figure for budgeting for the current fiscal year.
- An increase in dispatch costs (+\$7,165). Dispatch services are currently provided by the Shelburne Police Department. Dispatch costs have generally been based upon call volume; the Town and Shelburne have begun discussing a move towards a static annual fee for service.
- Funds (\$4,500) for a planning grant match to study bike and pedestrian improvements along Richmond Road.
- An increase (+\$3,000) in EMS Personal Protective Equipment and Fire Gear to reflect actual equipment costs.

- An increase in winter salt and sand (+\$17,000), driven primarily by a substantial increase in the price per ton of winter (road) salt.
- Funds to purchase Rectrac (+\$5,200), a parks and recreation software package that should help the department become more efficient, better track finances, and is the precursor to online program registration (one of the most frequently requested services).
- An increase in the line for retirement (+\$11,355), to more closely reflect the anticipated cost for the Town's contribution (the employee also contributes). Municipal employees belong to the Vermont Municipal Employees Retirement System.

Capital transfers total nearly \$381,000, and ensure that paving and replacement schedules can continue as planned. Future capital plans will need to increase the amount dedicated to paving, if the goal is to continue to repave more than two miles per year. The transfers for FY15 call for the replacement of a dump truck (every 10-12 years) and the purchase of a fire rescue/pumper truck. Because purchase or replacement is proposed to be funded via lease financing (lease-to-own, essentially), the first year of payments will be due in FY17.

The highway garage replacement project and reconfiguration of the Vermont Route 116/Charlotte Road/Lantman's intersection are not shown specifically in the proposed budget but will continue to advance in FY16 using funds previously set aside.

*FY16 Budget – as proposed for Town Meeting*

FY15: \$3,072,060

FY16: \$3,216,088

+/- (expenditures): +\$144,028 (+\$78,000 for reappraisal, +\$66,028 all other General Fund expenditures)

Proposed FY16 Tax Rate: \$0.5155

+/- (from approved FY15 tax rate): \$0.0299

*Impact on a residential property owner whose home is valued at:*

<u>\$200,000</u>	<u>\$300,000</u>	<u>\$400,000</u>
+\$59.80/year; or \$4.98/month	+\$89.70/year; or \$7.47/month	+\$119.60/year; or \$9.97/month

Tax rate impact is calculated in the following manner:

$$\begin{aligned}
 & \$3,216,088 \text{ (FY16 proposed budget)} \\
 - & \underline{\$521,450 \text{ (projected non-property tax revenues)}} \\
 & \$2,694,638 \text{ (the amount to be raised by taxes)} \\
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 & \$2,694,638 \text{ (the amount to be raised by taxes)} \\
 \div & \underline{\$5,226,980 \text{ (the grand list, including projected growth at 1.08\%)}} \\
 & \$0.5155 \text{ (proposed FY16 tax rate)}
 \end{aligned}$$