



To: The Hinesburg Selectboard, residents, and voters  
From: Trevor M. Lashua, Town Administrator  
Date: January 20, 2016  
Re: Proposed FY17 Municipal Budget

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The proposed FY17 municipal budget is \$3,369,689, an increase of \$153,601 (4.78%) from the FY16 budget as approved by voters.

If approved, the FY17 budget would require an increase in the tax rate of 2.25 cents. Municipal taxes constitute less than one quarter of every property tax dollar raised.

#### Revenue

Projected non-property tax revenue is \$527,300. The projection for FY17 is nearly \$6,000 more than the estimate used for FY16.

#### Grand List Growth

The grand list is projected to grow by 1.08%. The growth projection is based on the average increase between FY07 and FY16 combined with current year data from the assessor.

#### Fund Balance

No additional unassigned fund balance is available to apply to lowering the FY17 tax rate. Unassigned fund balance remains less than the \$250,000 target established by prior policy.

#### Expenditures

More than 94% of the proposed increase in expenditures comes from three areas:

- Capital Transfers: +\$105,208, primarily due to the first payments on the Fire Department's new rescue pumper and a new dump truck. .
- Worker's Compensation insurance: +\$29,633, due to an adverse change in the Town's experience modification (based on claims history) and an increase in rates.
- Property and Casualty insurance: +\$10,112, due to an increase in rates.

The proposed FY17 budget also includes:

- An increase (+\$5,500) in attorney's fees to better reflect the Town's actual utilization of legal services.
- An increase (+\$12,867) in Police salaries to provide a cost-of-living adjustment, recognize that the department is fully staffed, and include funding for overtime, holiday, and on-call pay.
- An increase in health insurance opt-out costs (+\$15,000). Each employee choosing the opt-out rather than health insurance coverage saves the Town between \$3,200 and \$18,000.
- A one-year reduction in professional services costs in the assessor's budget (-\$19,500), due to the appraisal firm waiving the annual service charge during the second year of a Town-wide reappraisal of property.
- A reassignment of costs between the general fund budget and the water/wastewater budget, creating "savings" (-\$16,409) in Buildings and Facilities salaries. Part of a larger move towards a Utility Department, the reorganization better reflects how the Town operates and keeps staffing levels constant (the Town will continue to have three licensed water/wastewater operators).
- A reduction in the capital transfer for Police (-\$7,000). The Town used grant funds to offset equipment purchases and moved computer replacement to the general fund.

- A reduction in Highway salaries (-\$5,393), as a pair of new employees were hired at lower hourly rates than their predecessors.

FY17 Budget – as proposed for Town Meeting

FY16 approved: \$3,216,088

FY17 proposed: \$3,369,689

+/- (expenditures): +\$153,601

Preliminary FY17 Municipal Tax Rate: \$0.5390

+/- (from approved FY16 tax rate<sup>1</sup>): +\$0.0225

Estimated Municipal Property Tax impact – Residential Property Owners

Assessed Value:	<u>\$200,000</u>	<u>\$300,000</u>	<u>\$400,000</u>
<i>Annual</i> +/-	+\$44.94	+\$67.41	+\$89.88
<i>Monthly</i> +/-	+\$3.74	+\$5.62	+\$7.49

The preliminary tax rate is calculated in the following manner:

$$\begin{array}{r}
 \$3,369,689 \text{ (FY17 proposed budget)} \\
 - \quad \$527,300 \text{ (projected non-property tax revenue)} \\
 \hline
 \$2,842,389 \text{ (the amount to be raised by property taxes)} \\
 \\
 \$2,842,389 \text{ (the amount to be raised by property taxes)} \\
 \div \quad \$5,273,743 \text{ (the grand list, including projected growth)} \\
 \hline
 \$0.5390 \text{ (estimated FY17 municipal property tax rate)}
 \end{array}$$

<sup>1</sup> The adopted FY16 municipal tax rate is \$0.5165.