



To: The Hinesburg Selectboard
 From: Trevor M. Lashua, Town Administrator
 Date: July 30, 2015
 Re: FY17 Budget – Preliminary Discussion

The budget for FY16, as approved by voters in March, is \$3,216,088. The annual average rate of increase in the municipal budget, from FY09 through FY16, is 2.52%. The table below provides a look at a quintet of budget scenarios, ranging from a 2.8% increase (the projected rate of inflation weighted for state and local governments) to a 2% decrease.

The table also assumes the following:

- Non-property tax revenue remains level at \$521,450 (which includes \$78,000 for the second year of reappraisal).
- The grand list remains level (\$5,217,395). FY15 growth was less than 1% (0.89%). The effects of the State’s continued water connection moratorium, the Town’s wastewater allocation moratorium, and uncertainty regarding interim bylaws make it difficult to project potential grand list growth.
- There is no fund balance to apply to lower the tax rate. This was true for FY16 as well. The fund balance figure will be more fully known once the audit is complete. Generally the Town has tried to keep a minimum fund balance of \$250,000 as a “rainy day” or contingency fund.

	FY17 Budget (Estimate)	+/- from FY16	Tax Rate +/-	FY17 Tax Bill +/-
Level funded (FY16 amount)	\$3,216,088	\$0	\$0 (\$0.5165)	\$200,000 = \$0 \$300,000 = \$0 \$400,000 = \$0
FY09-FY16 Average Rate of increase (2.52%)	\$3,297,133	+\$81,045	+\$0.015 (\$0.5320)	\$200,000 = +\$31.00 \$300,000 = +\$46.50 \$400,000 = +\$62.00
U.S. State and Local Gov’t NIPA Chain Weighted Deflator (projected at 2.8% for FY17)	\$3,306,138	+\$90,050	+\$0.017 (\$0.5337)	\$200,000 = +\$34.40 \$300,000 = +\$51.60 \$400,000 = +\$68.80
1% Decrease from FY16	\$3,183,927	-\$32,161	-\$0.006 (\$0.5103)	\$200,000 = -\$12.40 \$300,000 = -\$18.60 \$400,000 = -\$24.80
2% Decrease from FY16	\$3,151,766	-\$64,322	-\$0.012 (\$0.5041)	\$200,000 = -\$24.80 \$300,000 = -\$37.20 \$400,000 = -\$49.60

Once Department Heads begin assembling draft budgets, more will be known about potential cost increases for goods and services. There are some areas in which general increases are known or can be estimated:

Road salt – The increase in the price per ton is estimated to be 3%. The increase between FY15 and FY16 was nearly 32%, or \$14,000. At 3%, the increase is projected as a more modest \$1,700.

Health Insurance – Blue Cross/Blue Shield filed for premium increases in excess of 7%.

Union pay increase – Per the contract, union employees will receive a 3% pay increase.

Heavy vehicle purchases – The first payments towards both the rescue pumper and dump truck are due in FY17. This may affect capital transfers for fire and highway by roughly \$98,000 and \$34,000 respectively.

Stormwater and Municipal Road Permits – The details are still being sorted out, but legislation passed this year requires towns to obtain stormwater permits for their road systems. The permit cost has been estimated at \$2,000, with another \$7,000 to \$9,000 possible if the Town needs to hire outside professional assistance to perform an inventory and assessment.