



To: The Hinesburg Selectboard  
From: Trevor M. Lashua, Town Administrator  
Date: January 11, 2016  
Re: Proposed FY17 municipal budget (v.04)

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The current version (v.04) of the proposed FY17 municipal budget is \$3,367,689, an increase of \$151,601, or 4.71%, from the FY16 budget as approved by voters.

When measured against v.03, v.04 is nearly \$11,000 less in the aggregate. A separate table showing the changes made between v.03 and v.04 is included with the materials for the 01/11/16 budget work session.

Nearly 96% (\$144,953) of the proposed increase for FY17 is tied to increases in the transfers to the capital fund, worker's compensation insurance, and property and casualty insurance.

The capital transfer increase totals \$105,208. The first (of five) annual payments for the new rescue pumper truck for the Fire Department and a new highway truck are due in FY17. Both vehicles were replaced per replacement schedules established in prior versions of the capital improvement program (CIP).

A significant spike in worker's compensation insurance costs (\$29,633) is due to an increase in the Town's experience modification – a multiplier based upon claims history (one expensive claim in particular) – and general changes to the rates charged per \$100 of payroll.

Property and casualty insurance costs (\$10,112) are increasing due to the general experience of the municipal insurance pool Hinesburg participates in. The non-profit insurance pool, known as PACIF (Property and Casualty Intermunicipal Fund, operated by the Vermont League of Cities and Towns), is comprised of more than 320 municipal entities. The increases are in three primary rate areas: liability insurance for crime, employment practices, and law enforcement. The increase in the rates throughout the pool is not reflective of poor or worsening experience or claims activity for the Town, but rather reflective of the larger trends across the members of the insurance pool.

After subtracting the increases as described above, the FY17 budget as proposed represents an increase of \$6,648, or 0.2%, from the FY16 budget as approved by voters.

#### Revenue

Projected non-property tax revenue is \$529,500, leaving \$2,838,189 to be raised by property taxes.

#### Grand List Growth

The proposed budget assumes a 1.08% increase in the grand list (the average increase between FY07 and FY16; combined with current year data from the assessor). The grand list value utilized is \$5,273,743.

#### Fund Balance

There is no additional fund balance available to apply to the tax rate. The draft 2015 audit indicates that the unassigned fund balance is still shy of the \$250,000 minimum target. The FY18 budget and beyond may need to include an expenditure item to boost that amount, as the Town is roughly \$40,000 short of the target as of this writing.

Expenditures

FY17 **proposed (v.04)**: \$3,367,689

FY16 **approved**: \$3,216,088

+/- (expenditures): +\$151,601

Preliminary FY17 Tax Rate: \$0.5382<sup>1</sup>

+/- (from approved FY16 tax rate): +\$0.0217<sup>2</sup>

*Estimated Municipal Property Tax impact – Residential Property Owners*

Assessed Value:	<u>\$200,000</u>	<u>\$300,000</u>	<u>\$400,000</u>
Annual +/-	+\$43.35	+\$65.02	+\$86.69
Monthly +/-	+\$3.61	+\$5.42	+\$7.22

Proposed funding “additions”

During the preceding meetings, a number of funding requests were made by representatives of the various boards, committees, commissions, and others. Those requests are shown below; an analysis of the budget and tax rate impacts is included with the Selectboard’s materials for the 01/11/16 budget work session.

Requesting Entity	Amount Requested	Detail
Affordable Housing Committee	\$4,000	Revisions to an affordable housing needs assessment.
Conservation Commission	\$2,500	To replenish land acquisition/preservation funds.
Lake Iroquois Association	\$30,000 <sup>3</sup>	Milfoil mitigation, specifically herbicide application.
Town Forest Committee	\$5,000	Funds for a comprehensive forestry plan; focus on overall forest health and income-generation potential.
Trails Committee	\$500	For materials for trail bridge construction and/or replacement.
Technology	\$4,000	To increase the level of IT support through a managed services agreement with the Town’s current service provider.
<b>TOTAL</b>	<b>\$46,000</b>	

<sup>1</sup> Tax Rate Calculation: (FY17 Budget – non-property tax revenue) ÷ grand list.  
(\$3,367,689 – \$529,500) ÷ \$5,273,743 = \$0.5382

<sup>2</sup> The adopted FY16 municipal tax rate is \$0.5165.

<sup>3</sup> \$30,000 is the FY17 request; the total request is \$150,000 in five \$30,000/fiscal year installments.