

Budget Justification

Revenue

Based on our fortunate experience of receiving state highway and structures grants over the past several years, it is anticipated that the state will allocate grant funds to other municipalities. As a result, grant revenue is decreased by \$107,000 for FYE15. The loss of this revenue in the highway budget will be offset by an increase in highway property taxes of \$129,251 or a 15.2% increase. With voter approval, the new truck will be bank financed.

Although general expenditures were held level, there is an anticipated increase to general tax revenue of \$37,219 or 4.6%. This is because last year the town used \$35,000 in reserves for some expenditures.

In accordance with the town Fund Balance Policy, the FY 2015 budget will not use any surplus unassigned fund balance. Rather, the \$304,081 unassigned fund balance will only be accessed in the event of unexpected or emergency expenditures.

Expenditures

The proposed FYE 2015 budget shows an increase of 6.5% or \$147,352. As mentioned above, general expenditures are level funded, but the highway department projects an increase of 13.7% which includes increases in operating expenditures needed to maintain equipment and roads, plus purchasing a new truck and repairing the garage roof. The salary for the road foreman is budgeted for a 6.1% increase. In addition, the highway part time temporary worker wages were increased from 100 hours per year to 320 hours per year. All general full time employees are budgeted for a 3.1% increase.

The town thoroughly examined the choices available for employee health insurance with the implementation of the Affordable Care Act and how best we could maintain benefits for employees while keeping costs down for the taxpayers. Because of changes in staffing and in the health insurance market, the town was able to continue offering health insurance to all eligible employees at a total reduction of \$26,560 or 28%. Employees eligible to be covered by insurance, but choosing to waive coverage due to other insurance coverage, increased resulting in an increase to "salary in lieu of insurance" by \$10,716.

All employees who are eligible are members of the Vermont Municipal Employees Retirement System (VMERS). Town contributions for VMERS are scheduled to increase from 6.75% of wages to 6.875% on July 1, 2014 and to 7.0% on January 1, 2015. The state legislature must approve the employee rates and it is expected that employee contributions will increase as well.

The capital portion of the budget anticipates reductions in the amount spent on road repair in order to correct and improve major structural problems in the town garage roof. If approved by the voters, the town will also purchase a new dump truck for \$160,000. General capital expenditures are budgeted to decline by \$17,500 as the upgrades to the town hall are winding down. Included in general capital is \$20,000 for vault expansion to account for the increase in records retention.

RaMona Sheppard, Finance Officer