

# FISCAL YEAR 13 REVISED TOWN BUDGET

## TOWN OF COLCHESTER

### Town Budget to be put to a Revote on May 1, 2012

On March 6, 2012, the citizens of Colchester voted to defeat the proposed Fiscal Year 2013 Municipal Operating Budget.

Only about 27% of registered voters voted and of those who voted, the budget was defeated by 394 votes.

The Select Board and management heard the message to lower taxes. They have responded with a budget that is only 2.4% higher than last year. This is lower than the current rate of inflation.



The budget was cut by about \$190,000. The increase in the tax rate was reduced from 2.99 cents to 1.5 cents, essentially in half!

### Exactly What is a Budget?

A budget is a financial operating plan that is used to communicate to the public how their tax payments will be spent.

Citizens vote on the total budget, not individual line items.

The budget process usually

#### What cuts were made?

- ◇ All nonunion employees will be required to take unpaid furloughs on Friday afternoons during the summer. This will basically negate raises for the nonunion employees. The Town Hall will be closed during this time.
- ◇ The AFSCME union has agreed to take furloughs to help with the budget cuts.
- ◇ Several part-time employees will have their hours reduced.
- ◇ The Fire Departments will have their funding reduced by \$21,000.
- ◇ Seasonal employees from the Park's Department will be reduced which may slow down grass mowing in the summer.
- ◇ The Summer Concert Series will be cancelled.
- ◇ Fewer periodicals in the library .
- ◇ Police training, equipment, vehicle maintenance & communications will be reduced.
- ◇ Overall supplies, dues & subscriptions, & personnel development among most of the departments will be reduced.
- ◇ Donations to some outside organizations will be eliminated.
- ◇ Library substitutes who fill in for vacations & on weekends will be reduced, which may impact hours of operation.
- ◇ Rescue uniforms, per diem and equipment will be reduced.

begins in August each year with each department evaluating what its needs will be for the coming year. Salaries and benefits changes are estimated.

The CFO puts the budget together as one document and reviews this with the Town Manager.

The Select Board reviews the budget and hears from each department director. After discussions and compromise, a proposed budget is determined and approved by the Select Board.

This budget is voted on the first Tuesday in March each year.



#### COMPARISON OF TOWN & SCHOOL TAXES

- \* THE MUNICIPAL TAX RATE IS ABOUT 1/3 OF A TAXPAYER'S TOTAL TAX BILL
- \* IN FY 12, A HOUSE VALUED AT \$250,000 WOULD HAVE PAID \$2,969 IN EDUCATION TAXES AND \$1,342 IN MUNICIPAL TAXES

#### IMPORTANT STUFF TO KNOW ABOUT THE BUDGET

- EXPENSES MUST EQUAL REVENUES, UNLESS THE FUND BALANCE IS USED
- ALL UNEXPENDED MONEY IN THE GENERAL FUND BUDGET REVERT TO THE FUND BALANCE ON JUNE 30
- THE FUND BALANCE COULD BE CONSIDERED A RAINY DAY FUND
- BUDGETS ARE ESTIMATES, ACTUAL RESULTS MAY BE HIGHER OR LOWER

GRAND LIST GROWTH AND THE TAX RATE

The total General Fund budget divided by the Grand List = the tax rate



- ◆ If the budget increases and the Grand List does not grow, the tax rate increases
- ◆ If the Grand List increases and the budget stays the same, the tax rate decreases

	<u>Budget</u>	<u>Grand List</u>	<u>Tax Rate</u>
Original Budget	\$10,000,000	\$19,000,000	\$0.5263
Grand List increases by 1%, but budget stays the same	\$10,000,000	\$19,190,000	\$0.5211
Budget increases by 1%, but Grand List stays the same	\$10,100,000	\$19,000,000	\$0.5316
Both Grand List & Budget increases by 1%	\$10,100,000	\$19,190,000	\$0.5263

**What happens to the tax rate when the Grand List increases?**

	Before Reappraisal	After Reappraisal
Grand List	\$14,000,000	\$20,000,000
Budget	\$10,000,000	\$10,000,000
Tax Rate	\$0.7143	\$0.5000

**What happens to your property taxes when a reappraisal takes place? (Using a sample beginning assessed value of \$140,000)**

	Before Reappraisal	After Reappraisal
Your Assessed Value	\$140,000	\$200,000
Your Grand List Value	\$1,400	\$2,000
Your Tax Rate	\$0.7143	\$0.5000
Your Tax	\$1,000	\$1,000

**Results of 2011 Reappraisal**

In a typical reappraisal, about 1/3 of the properties see an increase in tax payments, 1/3 see a decrease and 1/3 of the properties have taxes stay about the same.

- In the 2011 reappraisal, 35% of all taxpayers had less than a 5% change in their property taxes
- 57% of all tax payers had a decrease in their property tax

payments

- 43% of all tax payers has an increase in their tax payments
- Reappraisal is revenue neutral, some taxes go up and others go down



**Cost of a 1.5 ¢ tax increase**

Assessed Value	FY 13 Tax Increase	Weekly Tax Increase
\$150,000	\$23	\$0.43
\$200,000	\$30	\$0.58
\$250,000	\$38	\$0.72
\$300,000	\$45	\$0.87
\$350,000	\$53	\$1.01
\$400,000	\$60	\$1.51
\$450,000	\$68	\$1.30

VOTE  
MAY 1, 2012



Please contact Al Voegelé, Town Manager, Joan Boehm, Asst Town Manager/CFO or any of the Select Board members with questions.

Phone: 802-264-5500  
Fax: 802-264-5503  
E-mail: [avoegele@colchestervt.gov](mailto:avoegele@colchestervt.gov)

Select Board Members:  
Marc Landry, Vice Chair  
Renn Niquette

Dick Paquette, Chair  
Herb Downing  
Nadine Scibek