



CHIEF ADMINISTRATIVE OFFICER

City of Burlington
City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Voice (802) 865-7000
Fax (802) 865-7014
TTY (802) 865-7142

MEMO TO: Mayor Bob Kiss
Board of Finance Committee

FROM: Jonathan P. A. Leopold, Chief Administrative Officer

DATE: December 10, 2010

RE: General Fund Financial Report and Budget Projections for FY 2012

Attached please find a financial report for the General Fund for the first quarter of FY 2011. The report includes unaudited first quarter and final results for FY 2010. The FY 2010 final revenues and expenses are consistent with previous projections provided to the Council. The first quarter FY 2011 revenues and expenses are generally consistent with the budget.

Based on this information, I would project the revenues and expenses for FY 2011 will be balanced. I do not anticipate, at this time, that the City will realize a net income of revenues and expenses as has been the case for the past four fiscal years. As a consequence, there will an increase in expenses for FY 2012 budget which will require a corresponding increase in revenues.

Based on a review of the attached report and preliminary projection for FY 2012 revenues and expenses, I estimate that a tax increase in the range of 3.5 cents or just over \$1.25 million will be required to maintain current programs and services. Conceptually, the major increases in expenses will be as follows:

- A general inflation increase of non-personnel costs @ 1.5%
of approximately \$28 million \$420,000
 - Net General Fund increase in health insurance for inflation
and costs associated with expanded coverage @15% of
\$4.7 million \$492,000
 - Increase in personnel compensation for COLA & steps \$550,000
- Total projected increase \$1,462,000

The City of Burlington does not discriminate on the basis of political or religious affiliation, race, color, national origin, age, sex, sexual orientation, marital status, veteran status or disability. Persons with disabilities who require assistance or special arrangements to participate in programs and activities of the Clerk Treasurer's Office are encouraged to contact us at 865-7000 or 865-7142 (TTY) at least 72 hours in advance so that proper arrangements can be made.

An increase of total non-property tax revenue should offset the \$420,000 increase in non-personnel expenses resulting in a net increase in the range of \$1.04 million. This gap between projected revenue and expenses would require a property tax increase of 3 cents or an overall increase of approximately 4%.

While I expect that some portion of this gap could be closed by cost saving measures, I doubt it is possible to close most of this gap while maintaining current programs and services. Therefore, I recommend that the Board of Finance begin a review of the budget requests for the General Fund for FY 2012 in early January to determine whether to propose a property tax increase for the March 2011 ballot and if so, in what amount.

The Clerk/Treasurer's Office has requested all General Fund departments to submit budget requests. I expect to provide the Board a draft the first week in January to facilitate this review.

CC: City Council