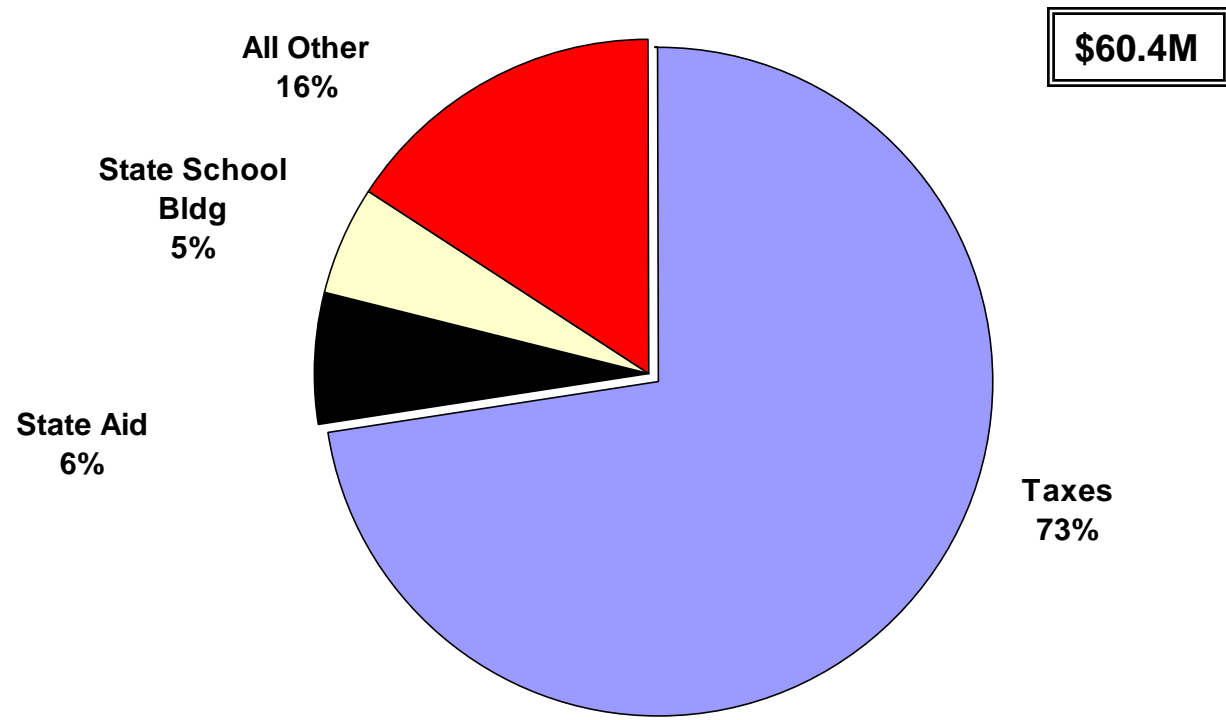
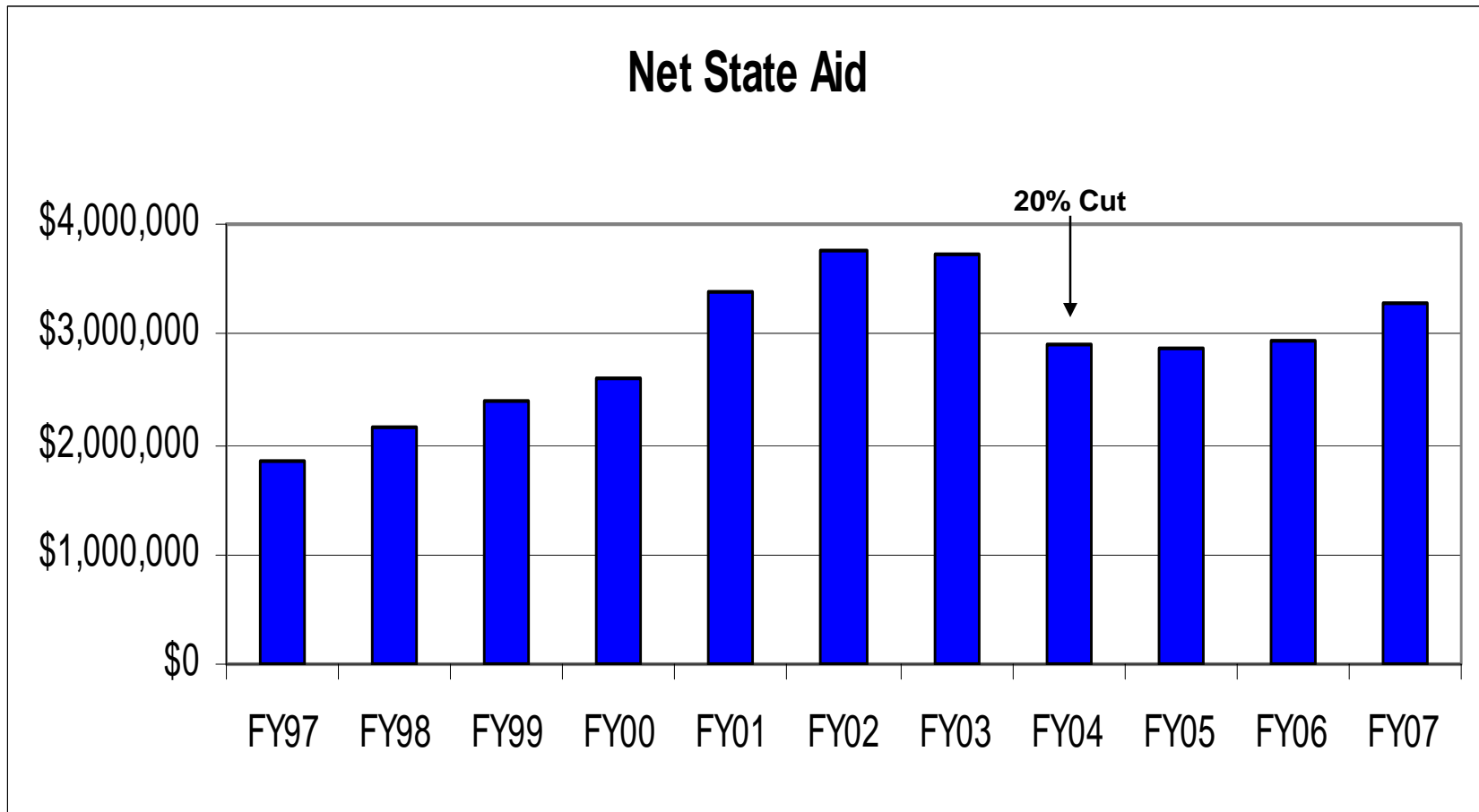


FY2007 Projected Budget Revenue



FY2007 Projected Budget Revenue – Within Proposition 2 ½				
	FY2006 Budget	FY2007 Projected	\$ Increase	% Increase
Taxes	\$42,197,019	\$43,808,218	\$1,611,199	3.8%
State Aid	\$3,425,166	\$3,777,148	\$351,982	10.3%
State School Bldg Reimbursement	\$3,600,190	\$3,193,029	(\$407,161)	-11.3%
All Other	\$9,225,008	\$9,640,736	\$415,728	4.5%
Total Revenue	\$58,447,383	\$60,419,131	\$1,971,748	3.4%

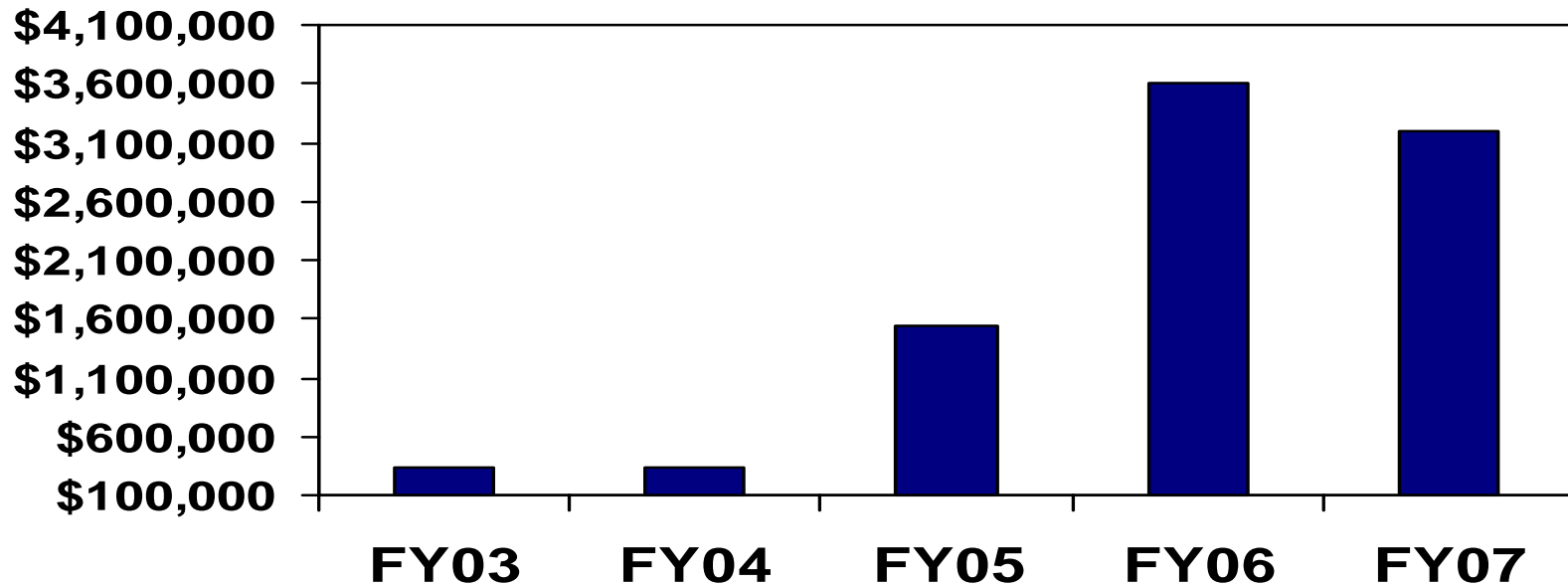
FY07 State Aid



- **State aid, while projected to increase in FY07, has not recovered to FY02 levels.**

State School Building Reimbursement

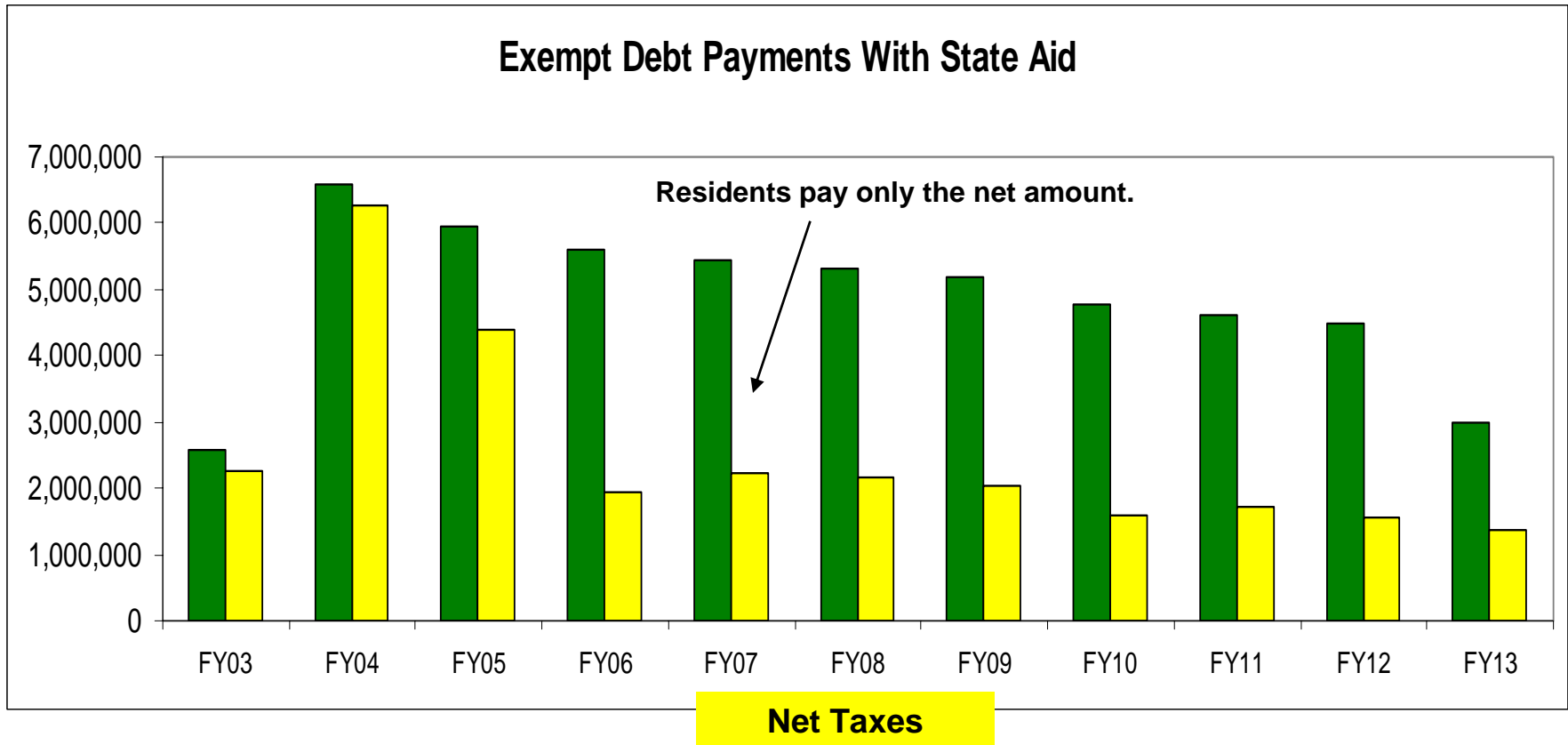
School Building Annual Payments



FY03	FY04	FY05	FY06	FY07
\$330,466	\$327,161	\$1,544,068	\$3,600,190	\$3,193,029

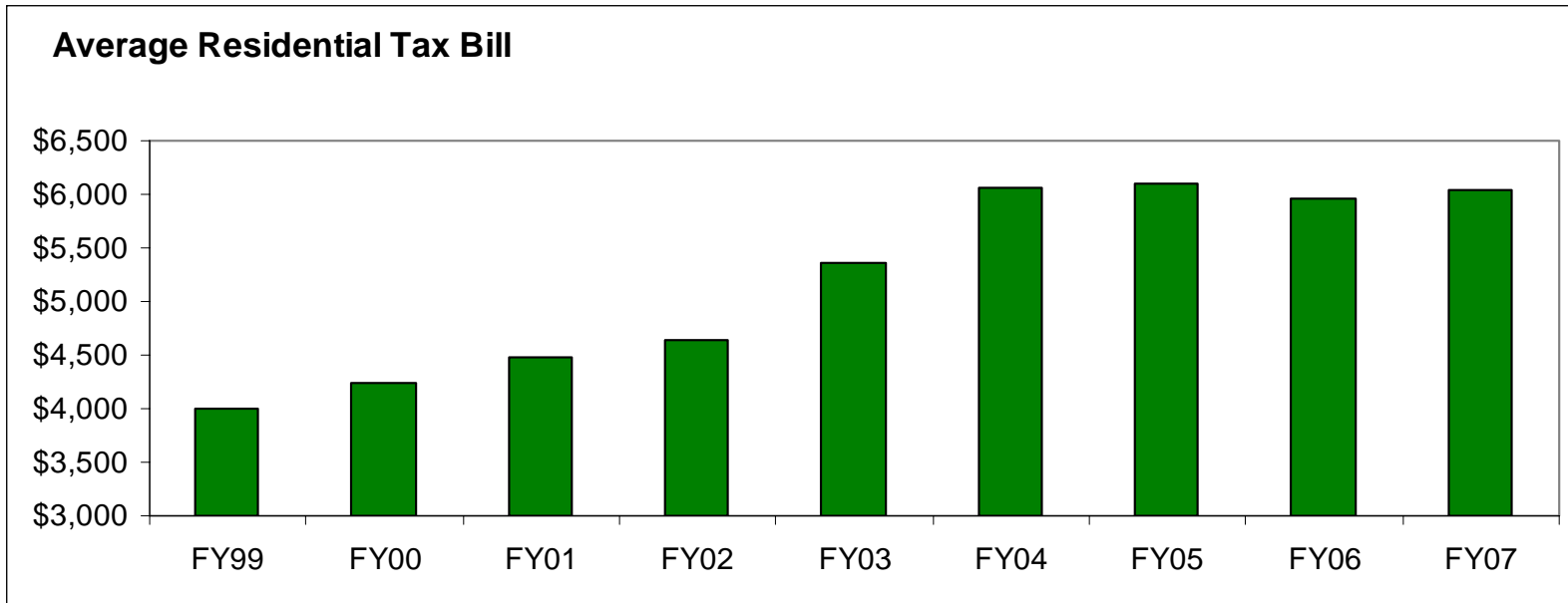
- We are now receiving payments for all of our projects:
 - Middle School
 - Martha Jones
 - Downey
 - High School

School Building Reimbursement – Impact on Taxes



State payments directly reduce debt portion of residents' property taxes.

A Look at Taxes

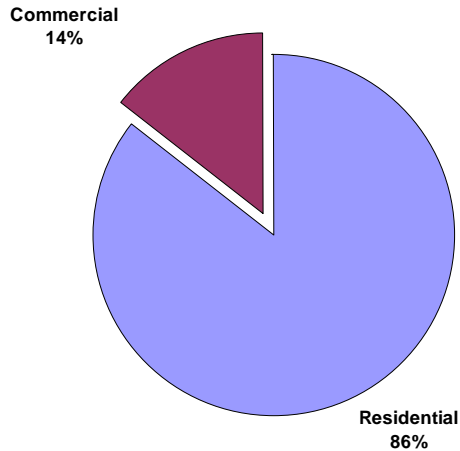


	FY02	FY03	FY04	FY05	FY06	Projected FY07
Average Tax Bill Increase	3.74%	15.57%	13.2%	0.67%	(-3.84%)	3.11%

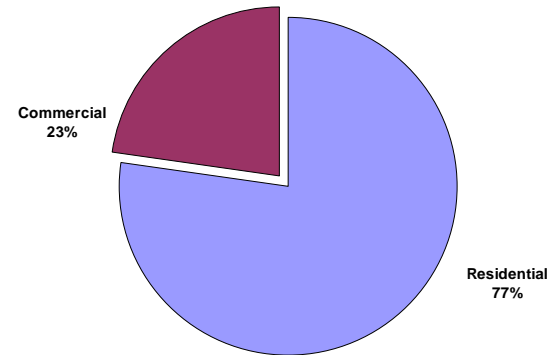
- Large increases in FY03 and FY04 due to school construction.
- Increases since mitigated due to the receipt of State reimbursement.
- Proposition 2 ½ limits the total taxes collected by the Town. Individual tax bills are based on value.

Importance of Commercial Value

The Town's commercial property is an important component of the Town's overall tax base. Commercial property is taxed at a higher rate than residential (\$18.85 vs. \$10.37).



14 % of Value



23% of Taxes

Valuable Revenue Impact

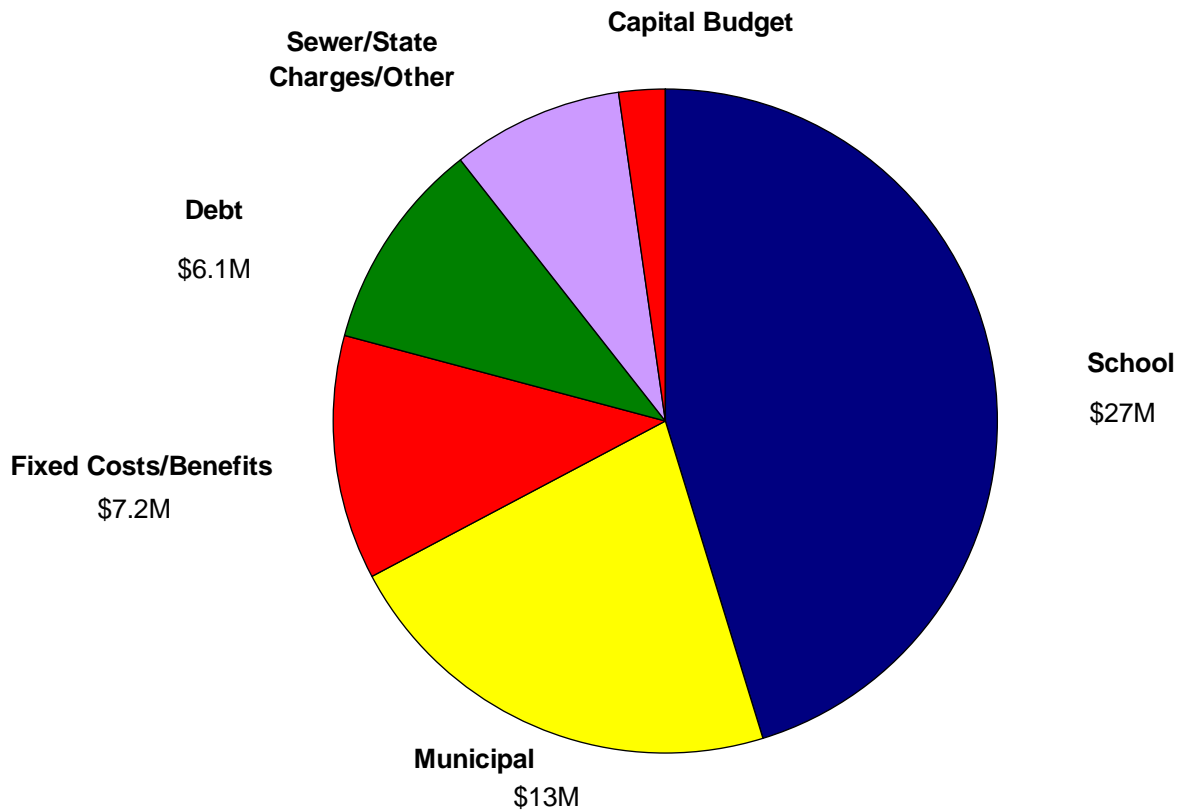
- Commercial 14.1% of total value; but paid 22.9% of total taxes.
- Annual savings of \$673 from split tax rate in FY06.

Limited Operating Budget Impact

- Commercial property does not use primary services:
 - School system
 - Trash services.

The FY07 Budget Categories

**Total Budget
\$60.4M**



School	\$27,326,092
Municipal	\$13,253,967
Fixed Costs/Benefits	\$7,287,385
Debt	\$6,164,592
Sewer/State Charges/Other	\$5,114,095
Capital Budget	\$1,273,000
Total	\$60,419,131

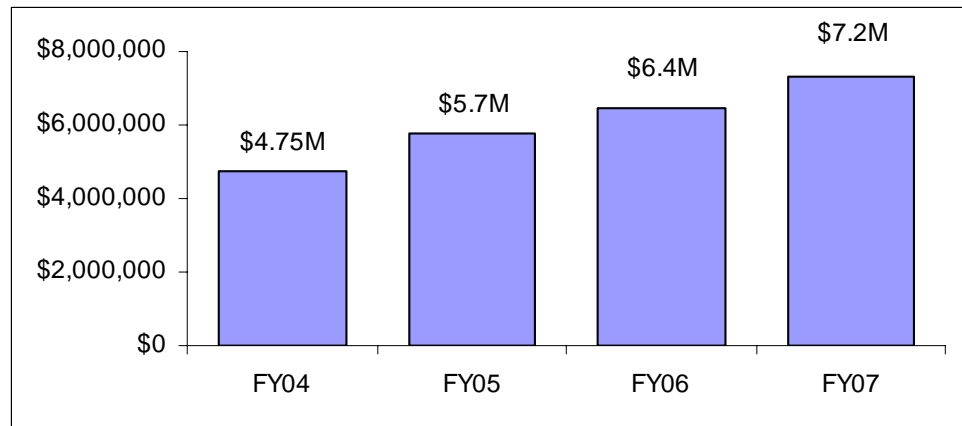
**Largest budget increase in
Fixed Costs
13%**

Fixed Costs – Fastest Growing Component of Budget

Fixed costs increases take most of new revenue available within Proposition 2 ½. Limited revenue is available for school and municipal operating budgets. Similar issues are being experienced by many municipalities.

Increases in fixed costs

- Health insurance.
- Pension costs.
- Payroll taxes.
- Comprehensive insurance.

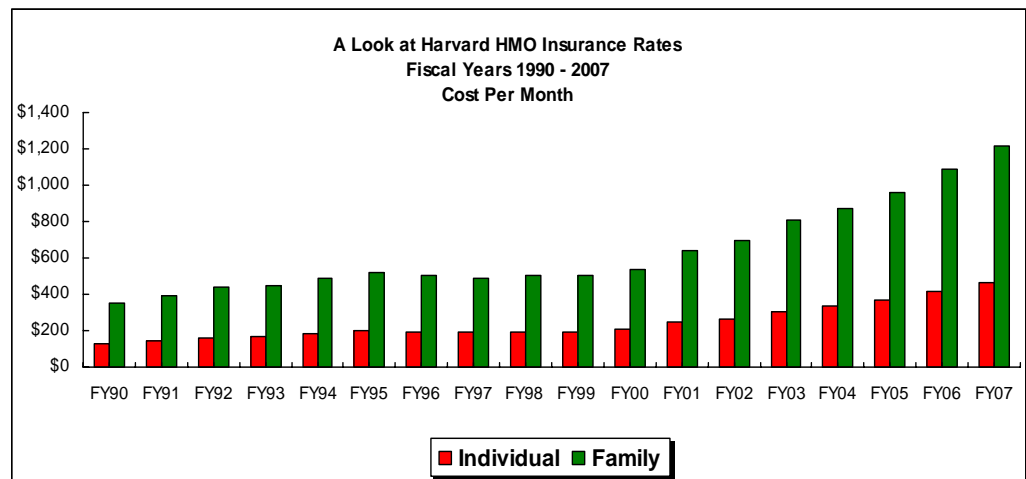


Health Insurance

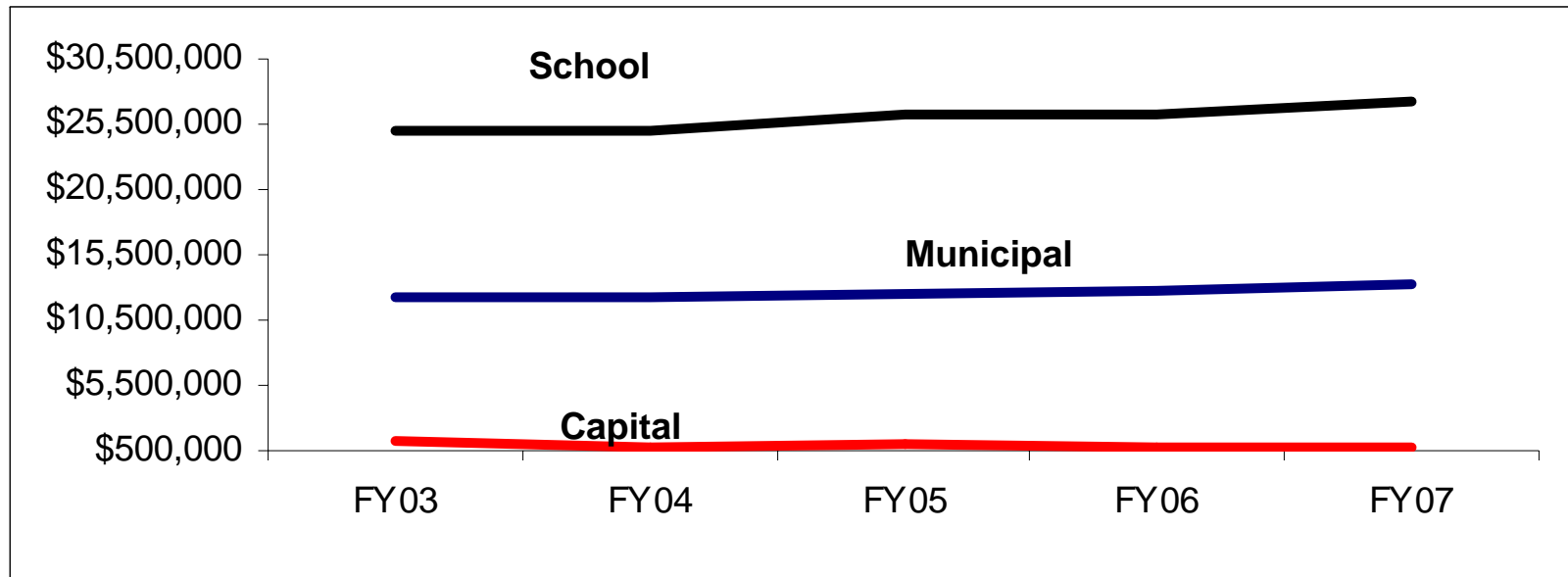
- Rising rates.
- Increasing number of retirees covered.

Steps Taken to Control Costs

- Employees contribute 40% of HMO/50% of PPO premium cost; and
- Town benefits from joint purchasing group.



Continued Operating and Capital Budget Challenges



Insufficient Revenue for Core Services

- Limited revenue within Proposition 2 ½ absorbed for increases in fixed costs.
- Cannot fund current services and programs.
- This is an ongoing structural problem, not one-time occurrence.

Structural Imbalance

- Continued reduction to services.
- New revenue options:
 - State aid.
 - Property tax override increases.
 - Commercial tax revenue.