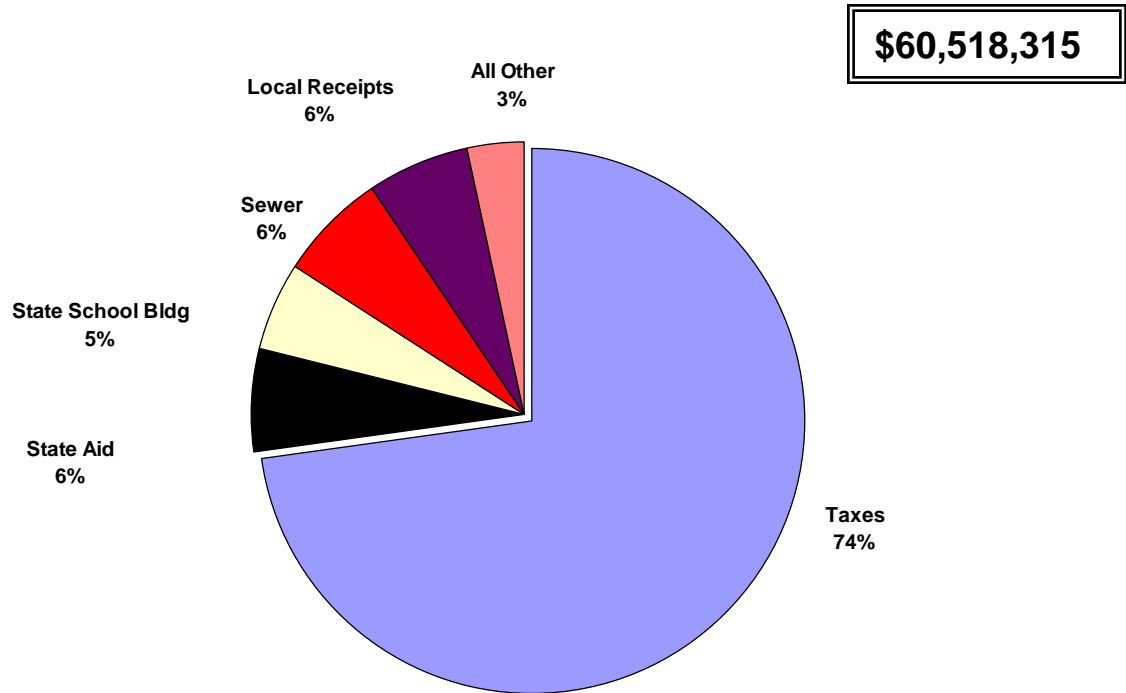


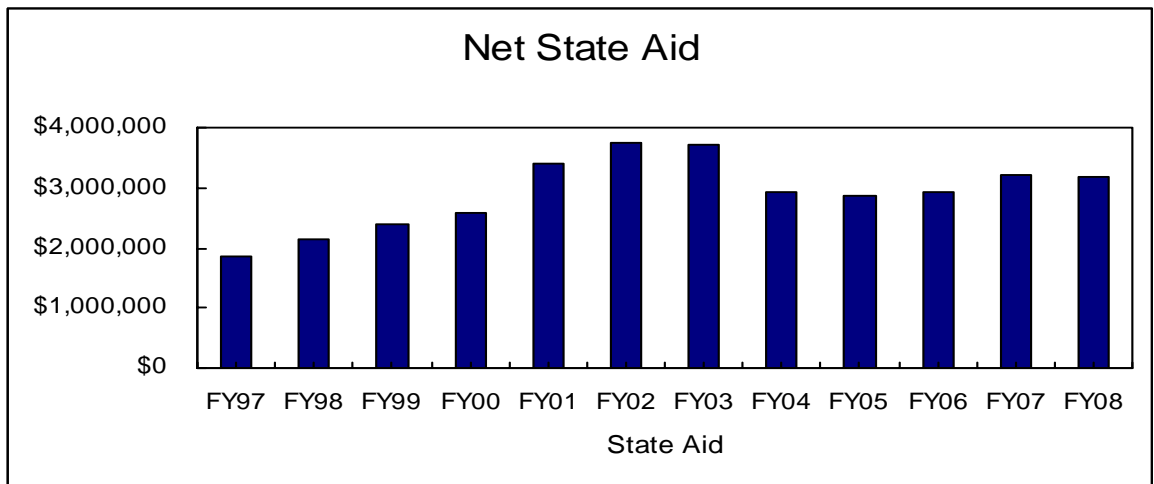


## What is Contributing to the Budget Gap? – Limited Revenue Increase



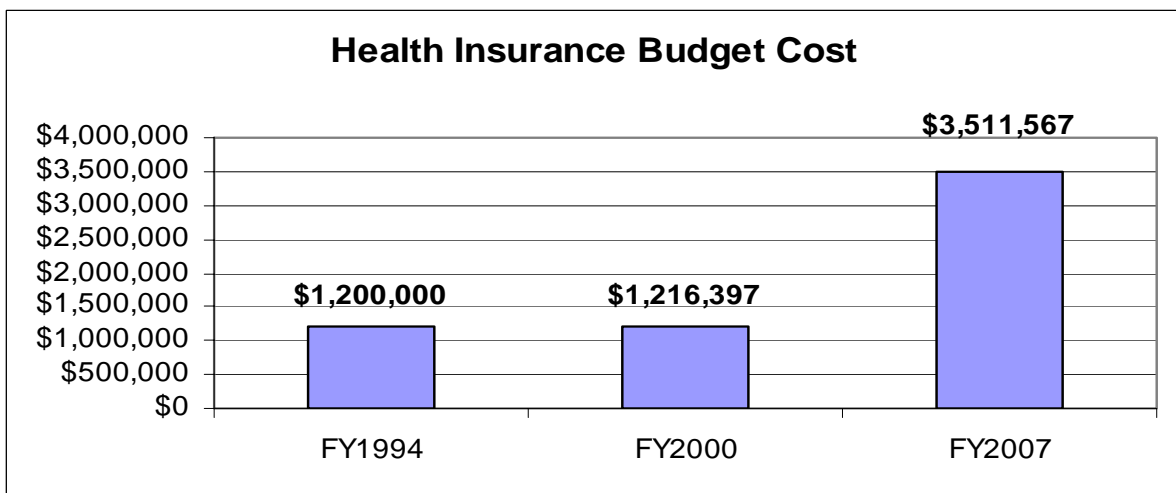
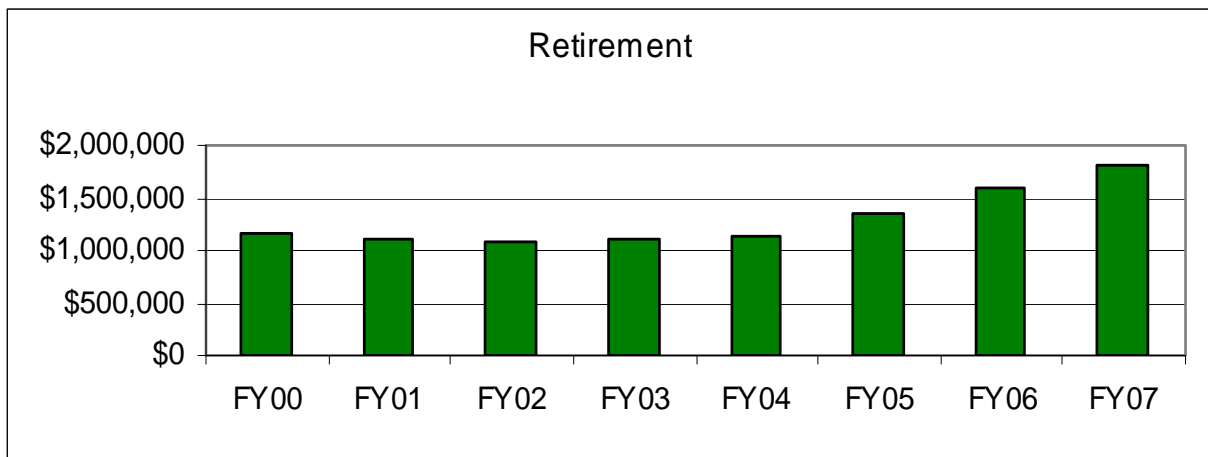
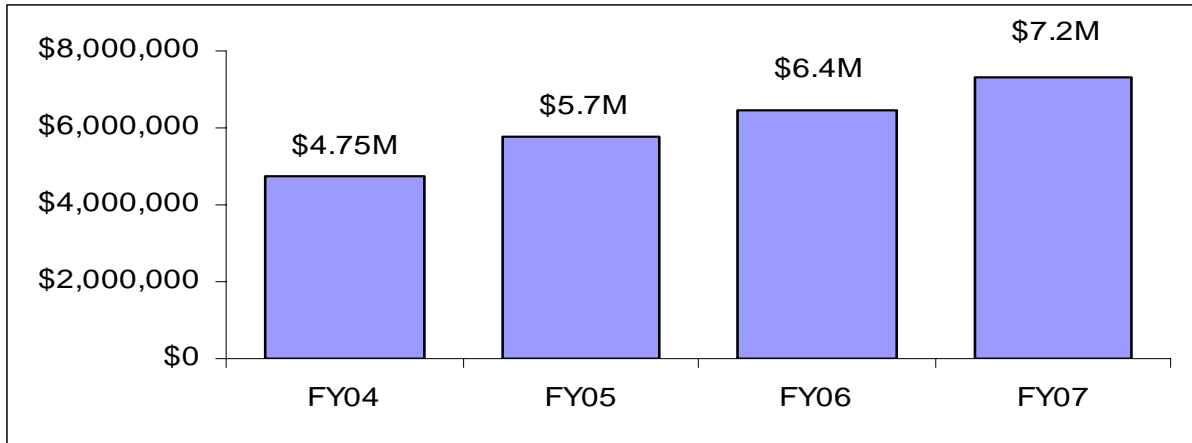
Largest revenue source – taxes – is capped per formula.

Second largest revenue source – state aid – decreased 20% in FY04 – slow recovery since.

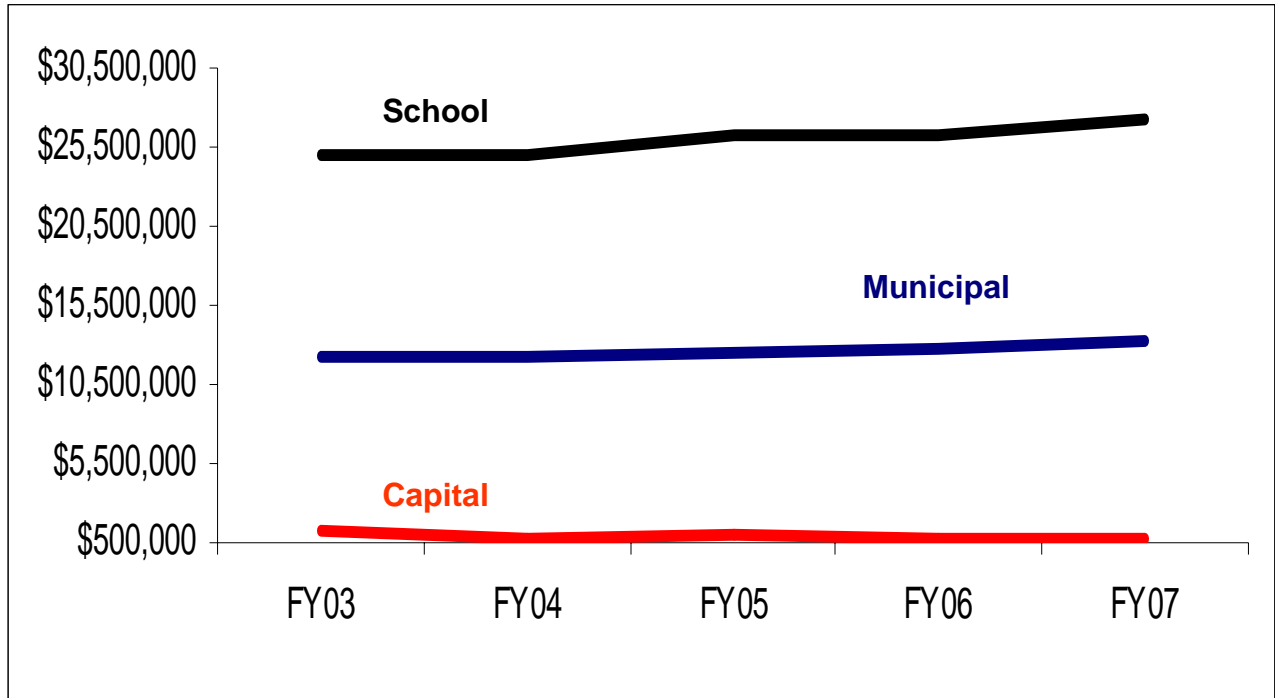


## What is Contributing to the Budget Gap? – Significant Increases in Fixed Costs

Fixed costs annual growth more than 10% per year.



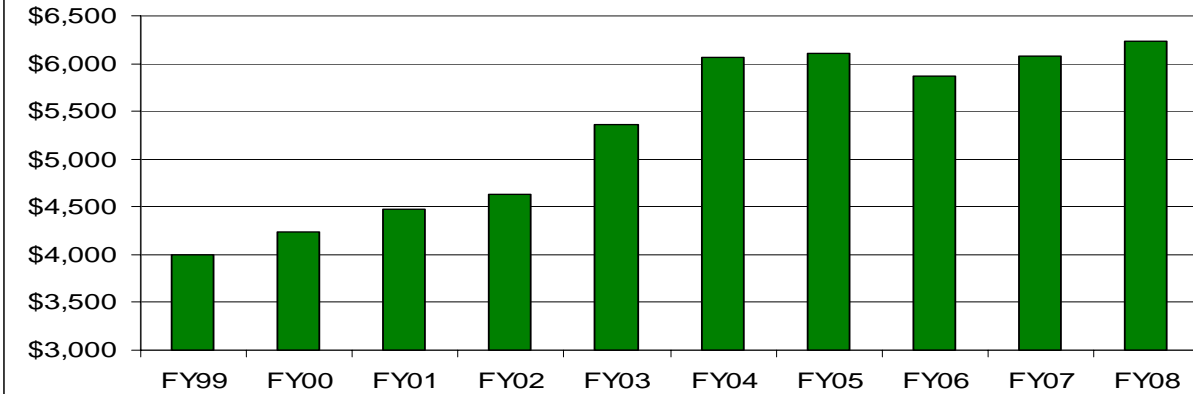
## Budget Gap Impacts – Insufficient Growth for Operating Budgets



- Cannot maintain current services and programs.
- Capital too low.

## Pressure on Tax Bill

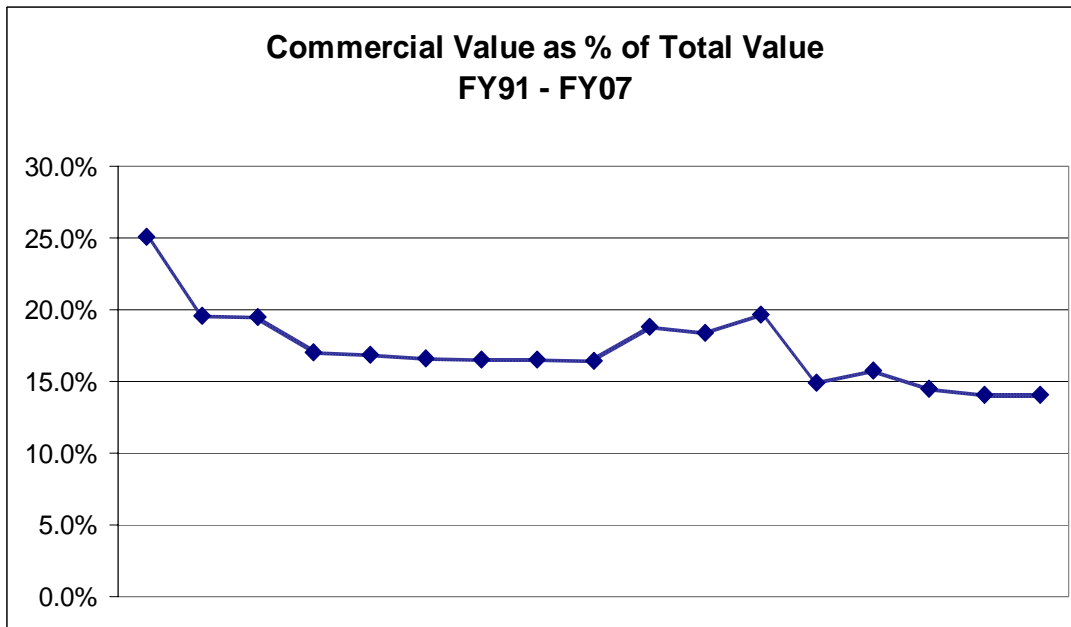
### Average Residential Tax Bill



FY07 tax bill at same level as FY04.

- Decline in commercial value.
- Impact of construction debt.
- State building aid now stabilized and secure.

### Commercial Value as % of Total Value FY91 - FY07



See Budget Summary Book – Page Financial 10 - for further detail on annual components of tax increase.

## Structural Budget Gap Continues....

Looking Ahead.....Five Year Forecast

With 5% Increase to School/Municipal Operating Budgets

	FY2007	FY2008 Projected	FY2009 Projected	FY2010 Projected	FY2011 Projected	FY2012 Projected
Total Expenditures	\$56,629,166	\$58,722,888	\$61,565,681	\$64,170,010	\$67,409,081	\$70,875,494
Total Revenues	\$56,629,166	\$57,484,620	\$58,768,709	\$59,746,767	\$61,064,230	\$62,443,085
Total Revenues Less Expenditures	-0-	(\$1,238,268)	(\$2,796,971)	(\$4,423,243)	(\$6,344,850)	(\$8,432,409)

- There would be insufficient revenue in each of the years to fund necessary increases in the school and municipal operating budgets.
- The forecast shows projected revenue. Expenditures increased for fixed costs only, and operating budgets at a 5% increase.

### Assumptions:

- Tax revenue calculated per levy limit. New growth assumption of \$300,000 per year.
- State aid level funded.
- Debt – per current schedules – no new debt issued.
- Health insurance increase – 12%.
- Operating budget increase for all school and municipal budgets FY08-FY12 – 5%.
- Sewer enterprise not included.

## FY08 Current Budget Gap.....

February 27, 2007

Current Budget Gap	
School	\$2,987,387
Municipal	\$290,820

- Based on current available revenue – to allocate:
  - \$540,000 School
  - \$260,000 Municipal
- Based on new School Committee budget - \$30,739,512.
- School budget assumes continuation of \$175,000 energy reserve.

### Open Items:

#### ■ Pending Additional Revenue:

- Updated fixed costs – additional revenue.
- State aid
  - Chapter 70
  - Lottery aid

#### Additional Costs:

- New School positions – Health Insurance required - \$152,000.

### To be finalized:

- New DPW position/Expenses – Field - \$85,000.
- Energy account - \$225,000:
  - School - \$175,000
  - Municipal - \$50,000
- Amount of override.