

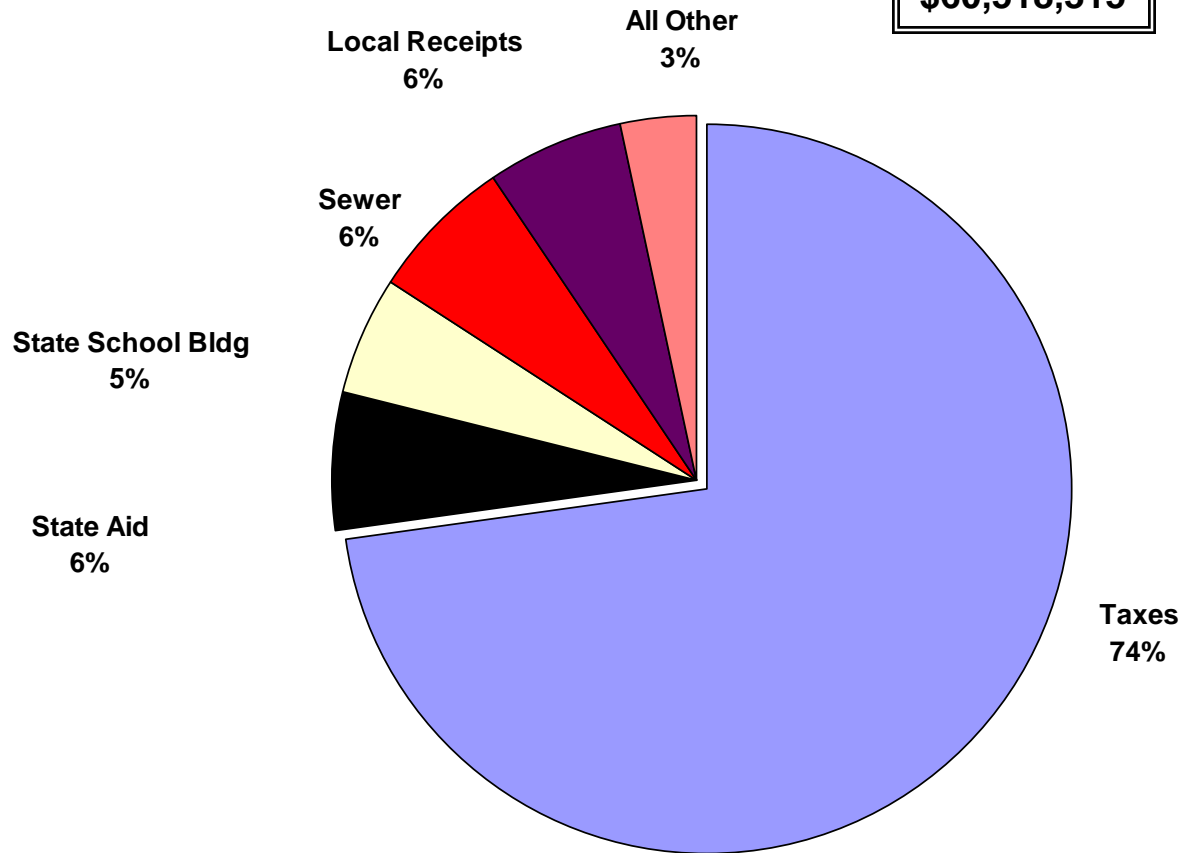


FY08 Budget

Finance Commission Meeting
February 13, 2007
Pam Dukeman
Finance Director

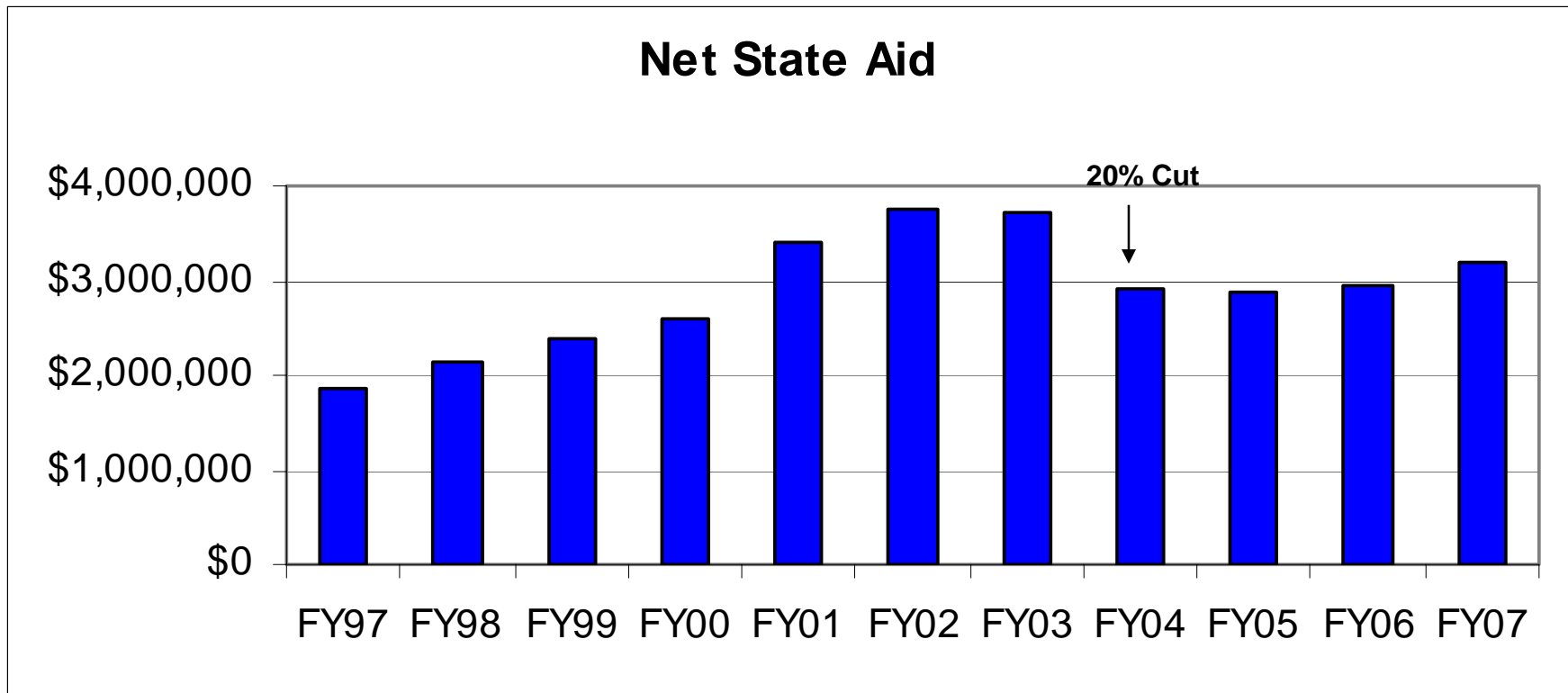
FY07 Revenue – Where Does the Money Come From?

\$60,518,315



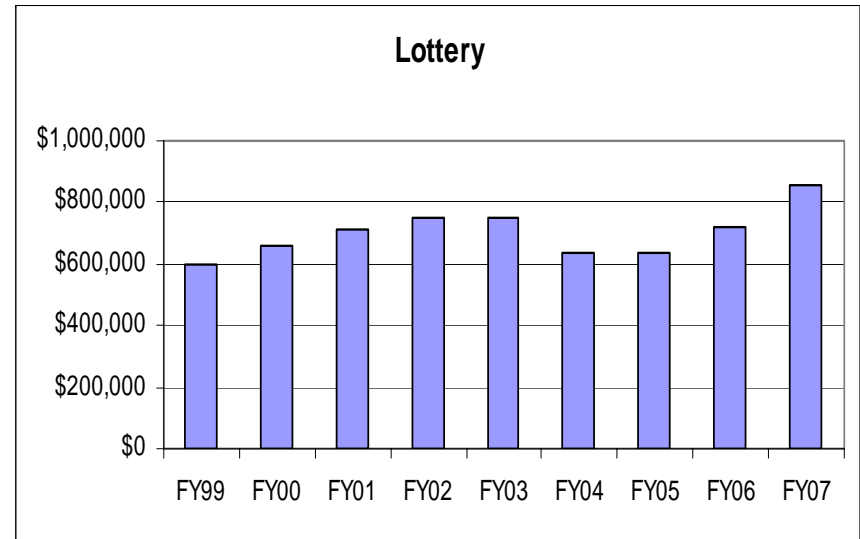
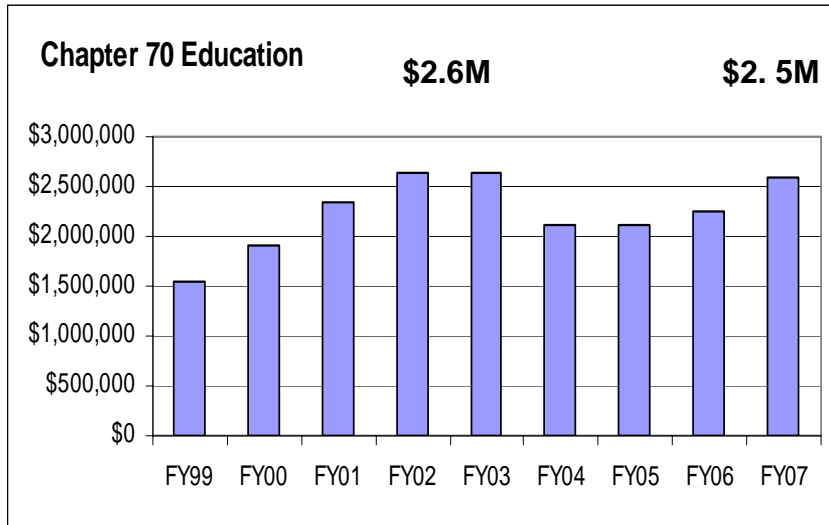
	FY07
Taxes	\$43,967,446
State Aid	\$3,717,104
State School Bldg Reimbursement	\$3,193,029
Sewer	\$3,889,149
Local Receipts	\$3,662,483
Free Cash	\$1,050,000
Available Funds	\$1,039,104
	\$60,518,315

FY07 State Aid – Lower Than FY02



- State aid, while increased in FY07, has not recovered to FY02 levels.
- Currently assuming FY08 level funding until Governor's budget 2/28/07.

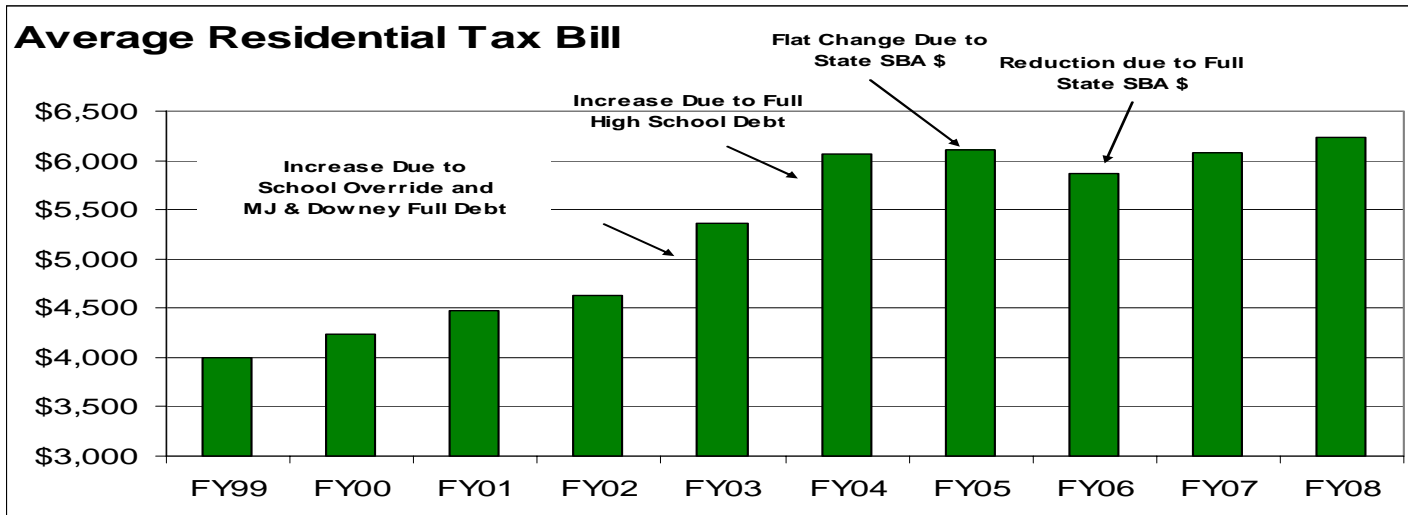
Major Categories of State Aid – Chapter 70 and Lottery



Chapter 70	
FY99	\$1,539,577
FY00	\$1,908,727
FY01	\$2,345,177
FY02	\$2,635,628
FY03	\$2,635,628
FY04	\$2,108,502
FY05	\$2,108,502
FY06	\$2,250,702
FY07	\$2,588,559

Lottery	
FY99	\$596,949
FY00	\$658,858
FY01	\$711,529
FY02	\$747,149
FY03	\$747,149
FY04	\$635,077
FY05	\$635,077
FY06	\$721,560
FY07	\$857,639

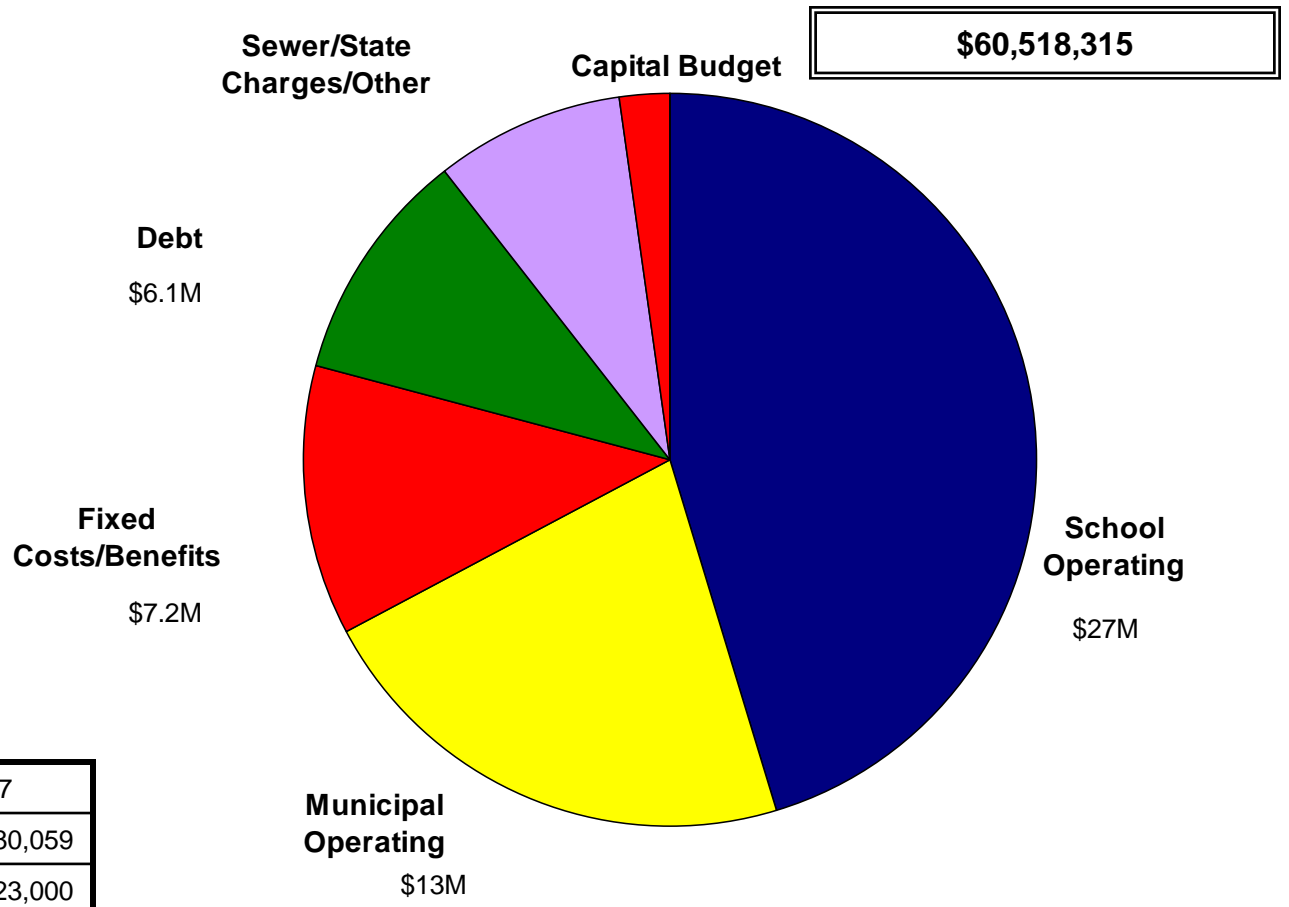
A Look at Taxes



	FY02	FY03	FY04	FY05	FY06	FY07	Projected FY08
Average Tax Bill Increase	3.74%	15.57%	13.2%	0.67%	(-3.84%)	3.5%	2.54%
Average Tax Bill	\$4,637	\$5,319	\$6,066	\$6,107	\$5,873	\$6,076	\$6,232

- Large increases in FY03 and FY04 due to school construction.
- Significant changes in SBA Program mitigated tax bill increases –
 - FY03 SBA reimbursement - \$330,466
 - FY08 SBA reimbursement - \$3,193,029
- FY03 School override \$1.6 million.
- Proposition 2 ½ limits the total taxes collected by the Town. Individual tax bills are based on value.

The FY07 Budget Categories – How is the Money Spent?

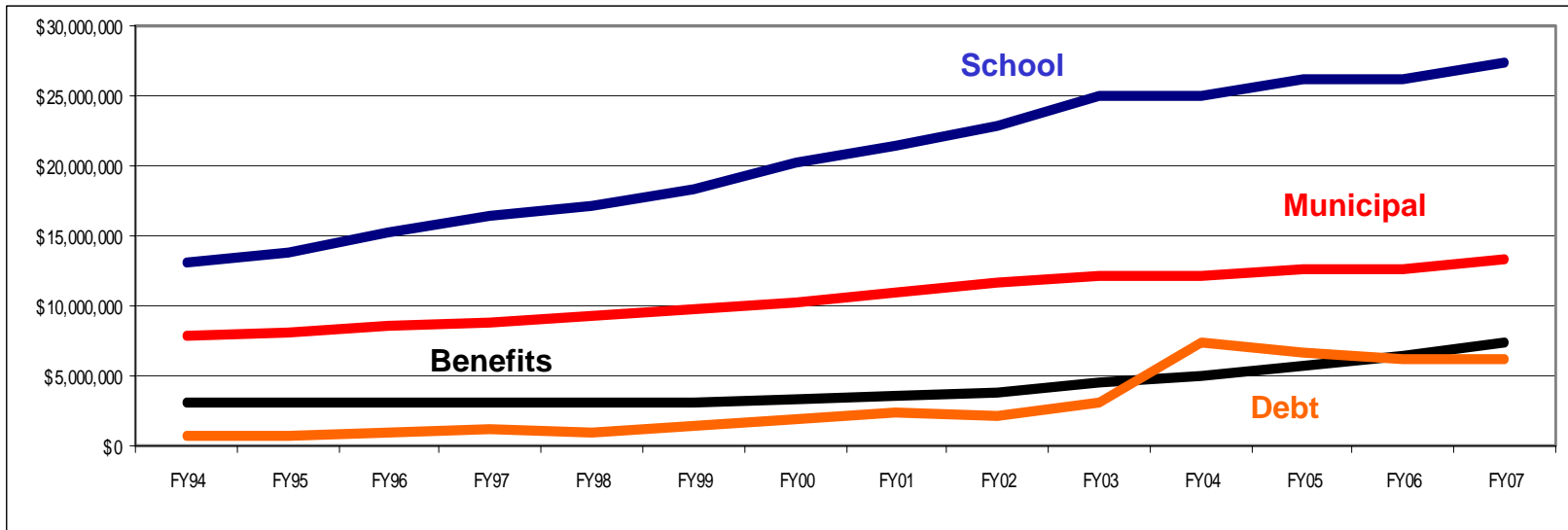


	FY07
School & Municipal Operating	\$40,580,059
Capital - Annual	\$823,000
Debt	\$6,164,592
Fixed Costs/Benefits	\$7,287,385
Sewer/State Charges/Other	\$5,663,279
	\$60,518,315

A Look at the Budget History.....

FY04 – FY07
 School and Municipal averaged
 2% increase/year.

Budget	% Change in Budget				
	FY03	FY04	FY05	FY06	FY07
School Budgets	8.2%	0.4%	4.7%	.1%	4%
Municipal Budgets	4.5%	0.0%	3.4%	1.2%	4.5%
Benefits/Insurance/ Reserves	13.4%	10.9%	14.3%	11.2%	13.6%
Debt Service	33.8%	56.7%	-7.7%	-6.3%	-2.2%



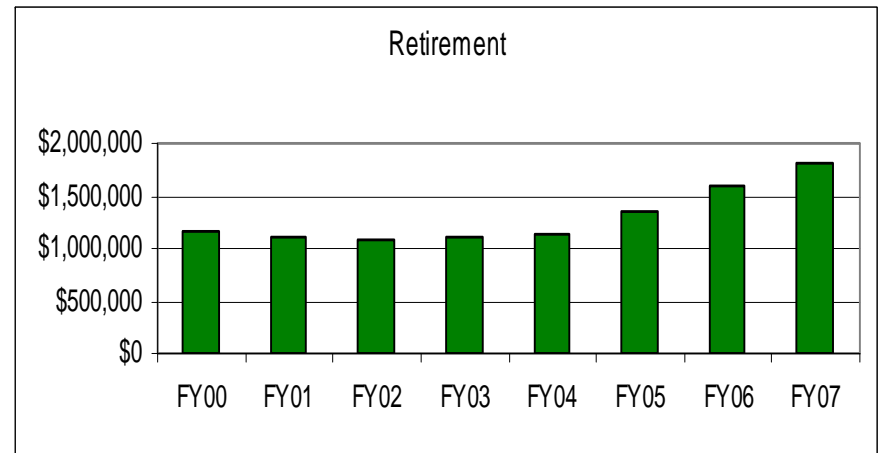
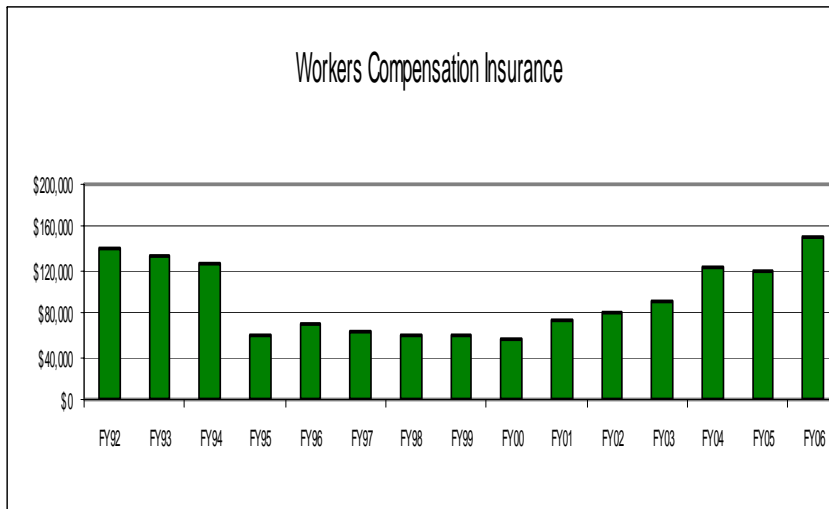
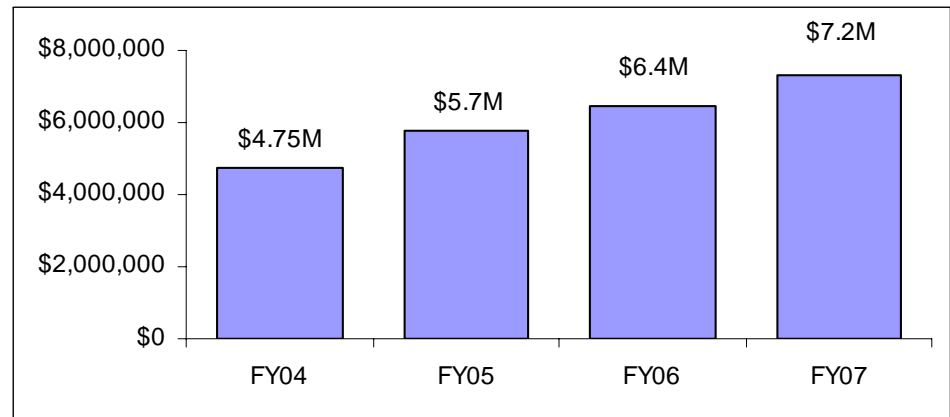
Budget	\$ Budget				
	FY03	FY04	FY05	FY06	FY07
School Budgets	\$24,956,196	\$25,062,489	\$26,237,002	\$26,268,304	\$27,326,092
Municipal Budgets	\$12,127,081	\$12,127,081	\$12,540,894	\$12,688,282	\$13,253,967
Benefits/Insurance Reserves	\$4,497,240	\$5,045,017	\$5,767,904	\$6,413,450	\$7,287,385
Debt Service	\$3,157,965	\$7,286,431	\$6,722,777	\$6,302,362	\$6,164,592

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.



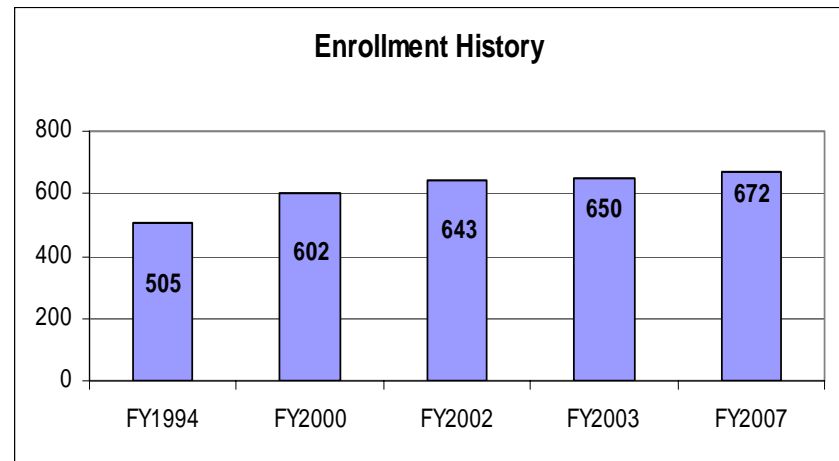
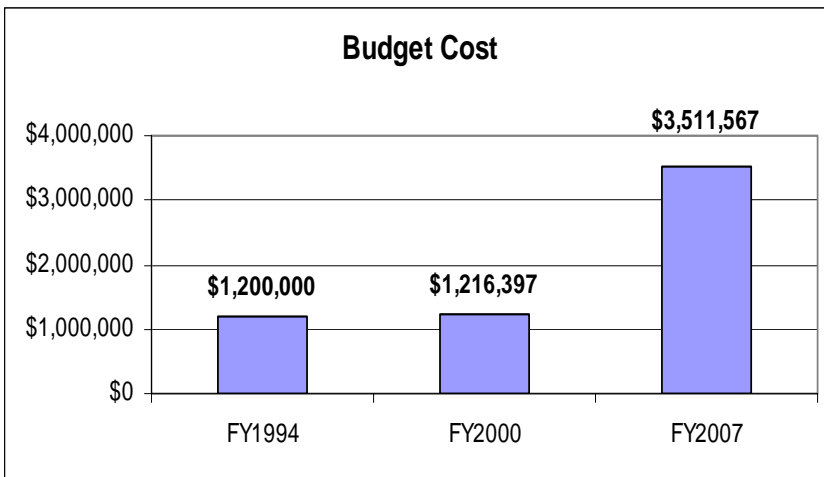
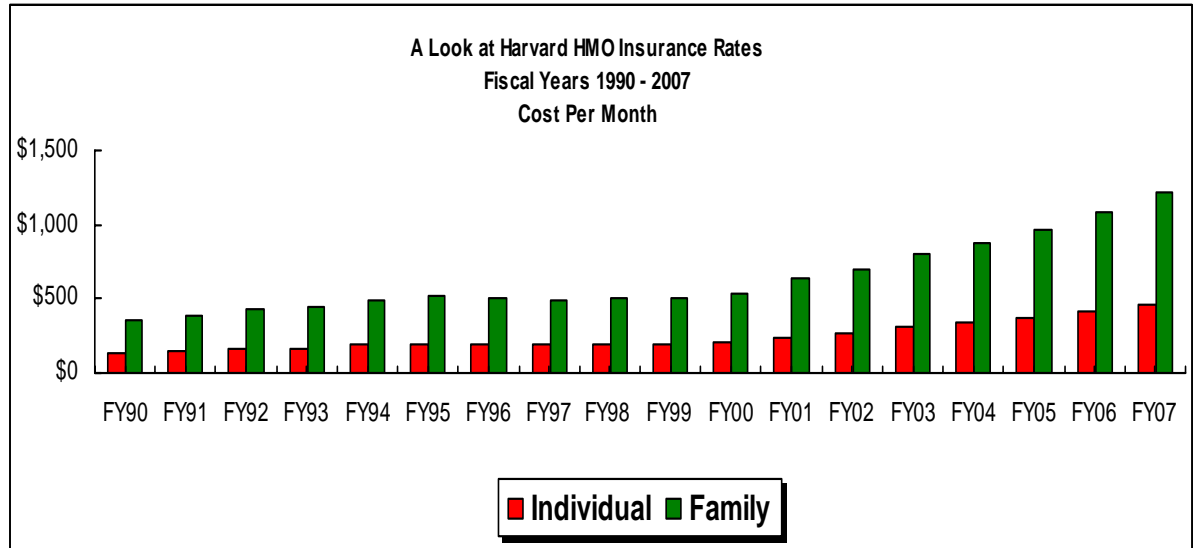
Health Insurance – For all School and Municipal Employees and Retirees

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.



A Look at FY08.....Another Difficult Budget Year

■ FY08 Projections

- For FY08, there will not be sufficient new revenue for operating budget increases.
- New tax revenue – Prop 2 1/2 and new growth - \$1.539 million
- Less Fixed cost growth – approx \$739,000
- \$800,000 available for school and municipal operating budgets. \$800,000

January Projections-Fixed Costs	
Benefits	\$783,616
Debt	\$95,988
Total	\$879,604

This will fund a 2% increase to the School (\$540,000) and Municipal (\$260,000) operating budgets.

■ Projections to update:

- State aid??? – Governor’s budget out 2/28/07.
- Energy reserve account to continue? Selectmen to review current year use.
- Update fixed costs budgets:
 - Actual health insurance rates.
 - Include estimate for new employees.
 - Finalize pension, debt budgets.

What Funds Annual Budget Increases?

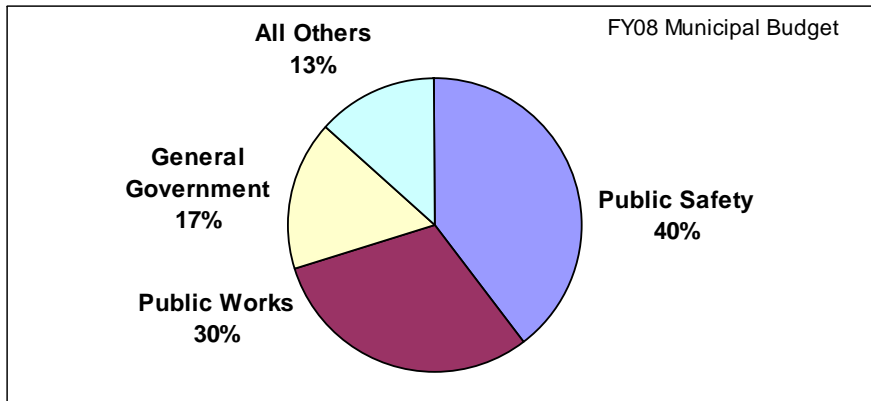
- Increased local revenue – taxes.
- State aid increases.
- Increase in one-time revenue/available funds.

Budget	FY03 \$ Increase	FY04 \$ Increase	FY05 \$ Increase	FY06 \$ Increase	FY07 \$ Increase	*Current FY08 \$ Increase	*Projected FY09 \$ Increase
School	\$2,037,911	\$106,293	\$1,174,513	\$31,302	\$1,057,788	\$540,000	\$570,000
Municipal	\$546,184	\$0	\$413,813	\$147,388	\$565,685	\$260,000	\$280,000
Fixed Costs	\$600,403	\$547,797	\$722,887	\$645,546	\$873,935	\$739,000	\$800,000

*Current FY08 and FY09 include no increase to state aid.

- FY03 – School override \$1.3M.
- FY04 – 20% cut to state aid.
- FY05 – Significant use of one-time revenue (\$1.4M) funded operating budgets with \$725,000 free cash, also closed out pension reserve and bond premium.
- FY07:
 - One-time revenue – School \$142,000.
 - Large state aid increase.
 - Increase in ambulance funding – municipal.

Municipal Budget Proposed for FY08....



What we do:

FY08 Municipal Budget \$13.8M

70% or \$9.6M provides for:

- Police and Fire public safety protection.
- Ambulance services.
- Public Works services.
- Trash/recycling.

Function	Amount	% of Total
Public Safety	\$5,490,556	40%
Public Works	\$4,202,206	30%
General Government	\$2,300,416	17%
Library, Recreation and All Others	\$1,860,967	13%
Total	\$13,854,145	100%

Current Increase	\$542,785
Available	\$260,000
Current Gap	\$282,785

	Expended FY2006	Current FY2007 Budget	FY2008 Budget	\$ Change FY08 vs. FY07	% Change FY08 vs. FY07
Salaries	\$8,431,567	\$9,126,404	\$9,525,728	\$399,324	4.4%
Expenses	\$4,314,869	\$4,184,956	\$4,328,417	\$143,461	3.4%
Total	\$12,746,436	\$13,311,360	\$13,854,145	\$542,785	4.1%