



Budget Update FY2008-09

January 12, 2009



Budget Savings Plan

Goal: Maximize savings in current year's budget without compromising service delivery.

Target: 5% of the overall Town Budget.

General Fund savings target is **\$2,482,000.**

Amount transferred to Reserve: \$2,232,044*

*Includes debt savings and OPEB contribution



Budget Reserve

- Creating a 5% reserve serves two purposes:
 1. It protects the current year's budget should we experience significant revenue shortfalls.
 2. It provides a source of funds to balance next years budget. The budget gap for FY2009-10 is expected to be approximately \$3.3 million.



Budget Outlook

- Due to time lag in receiving sales tax receipts we will not begin to see actual impact of crisis until February 15 when we receive October's payment.
- Other revenues are tracking close to budget
- The drop in petroleum prices should provide savings in this years budget

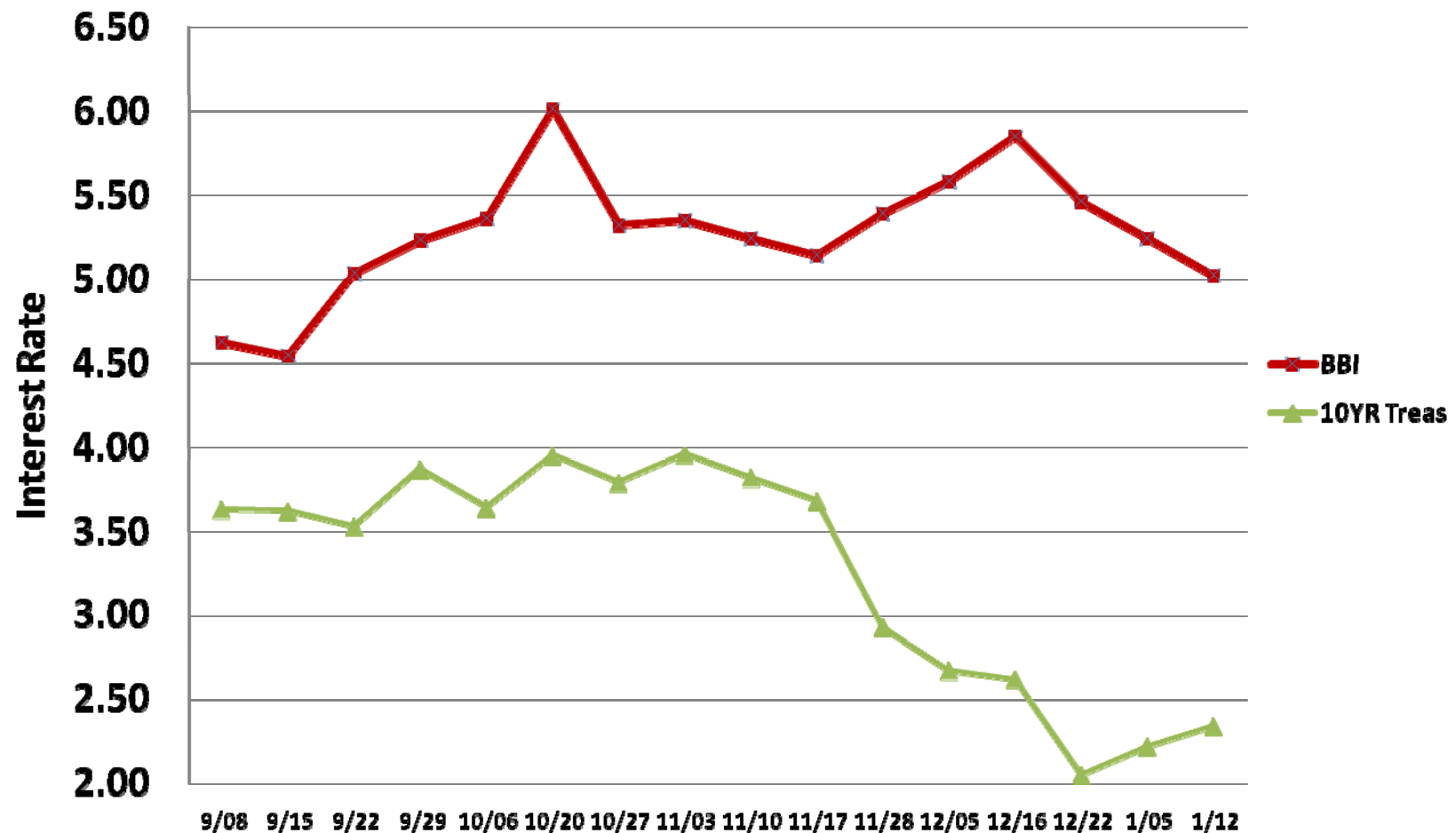


Debt Markets

- No real change – some positive signs
- Issuers paying significant premium to sell bonds in current market
- Spreads between GO Bonds and Treasuries are at historic highs
- Liquidity scare is still driving municipal markets



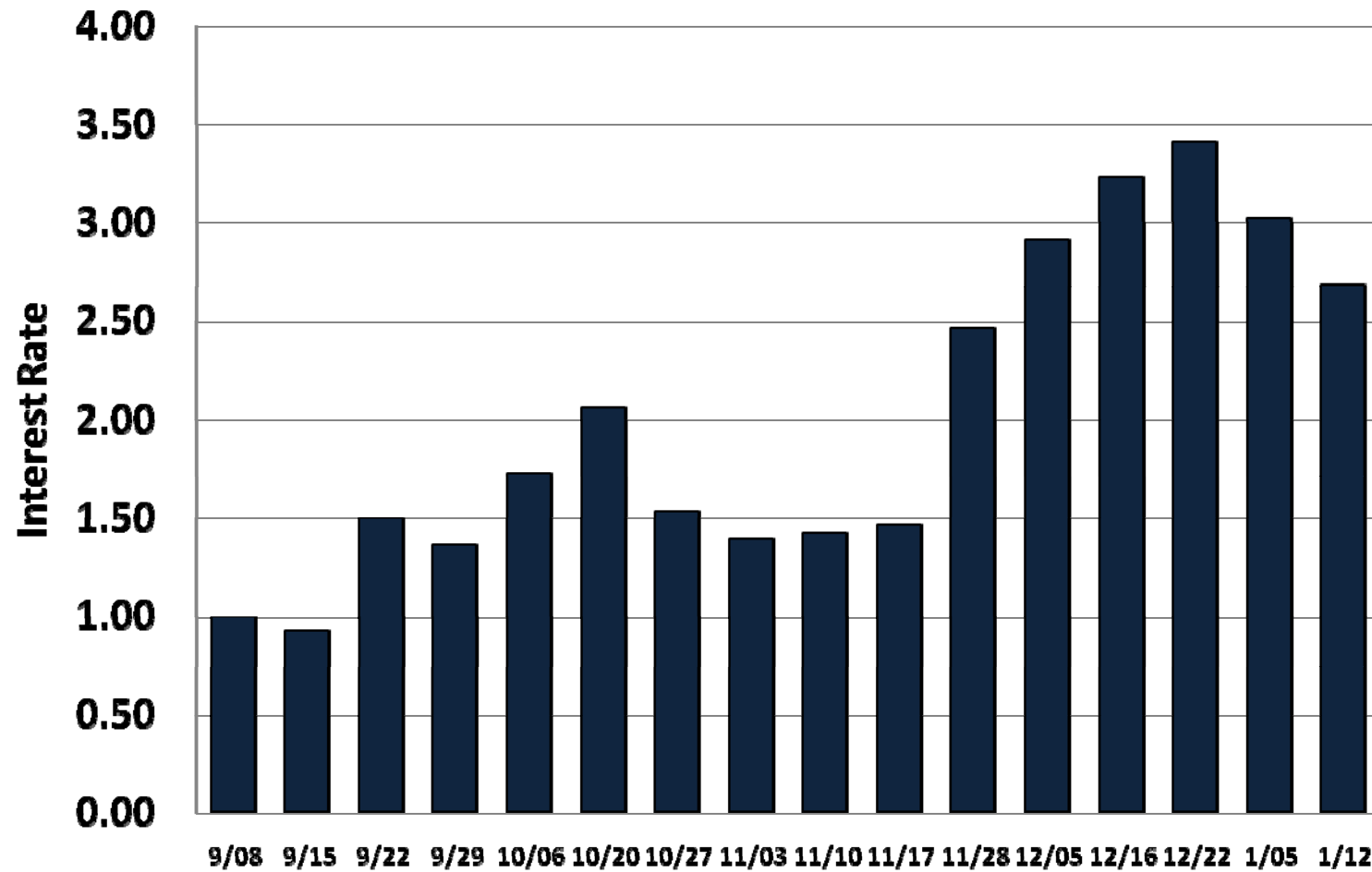
Municipal Bond Index (prev. 4 months)





Buyer Index vs 10yr Treasury Spread

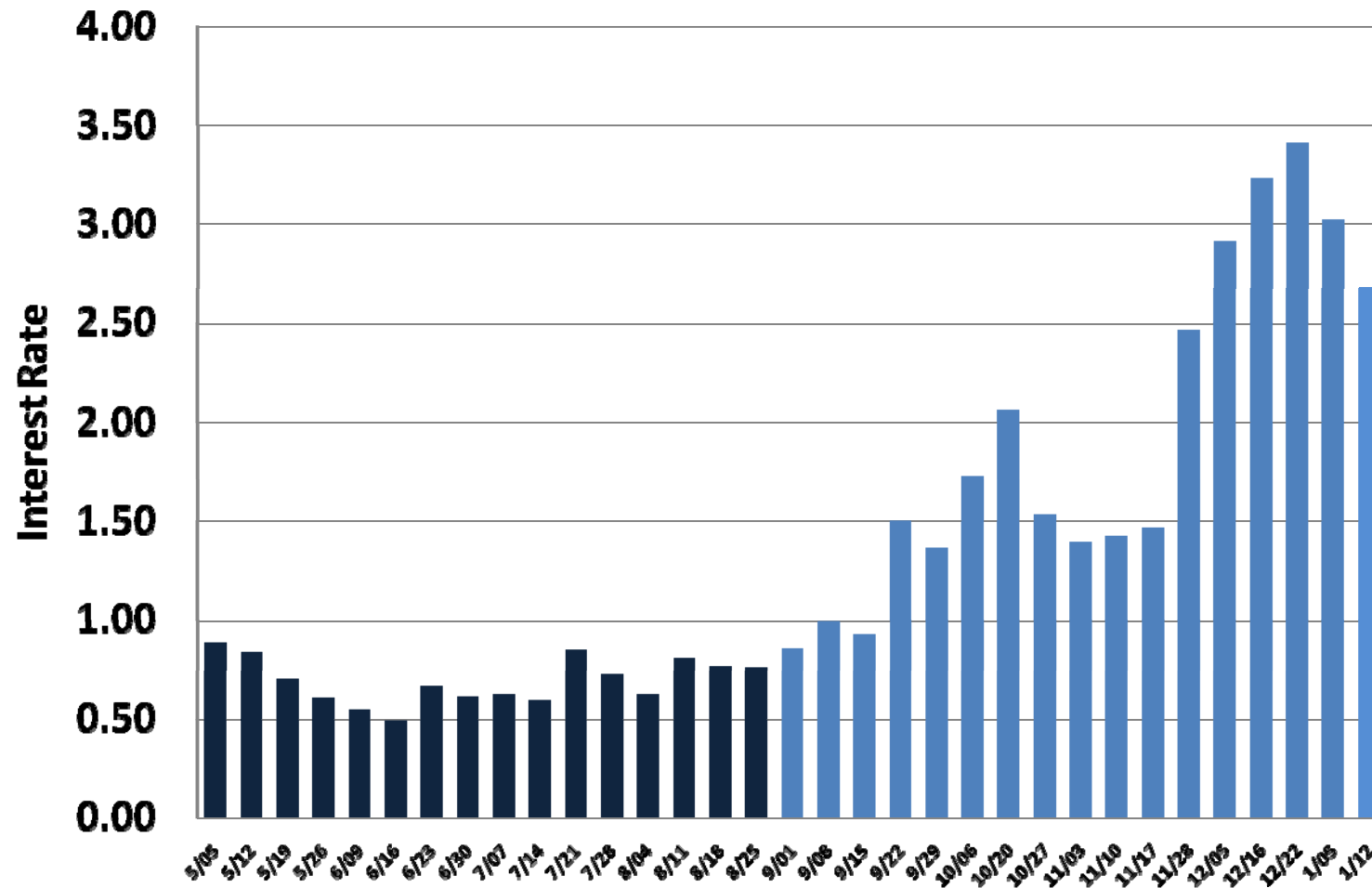
Last 4 months





Buyer Index vs 10yr Treasury Spread

Last 8 months





Budget Savings Plan

An on-going process:

- Work with departments to refine their savings plans with the goals of achieving 5%+ without using OPEB funding and minimizing the impact on service delivery.
- Monthly reports on progress toward achieving goals