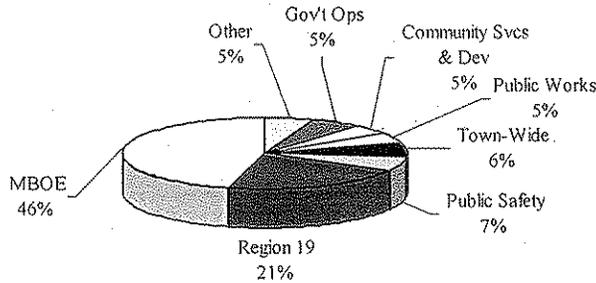


Corrected slide #9 (rounding of 30's)

## FY '13 General Fund Expenditures: \$ 45,037,040<sup>1</sup>

FY '13 General Fund Expenditures



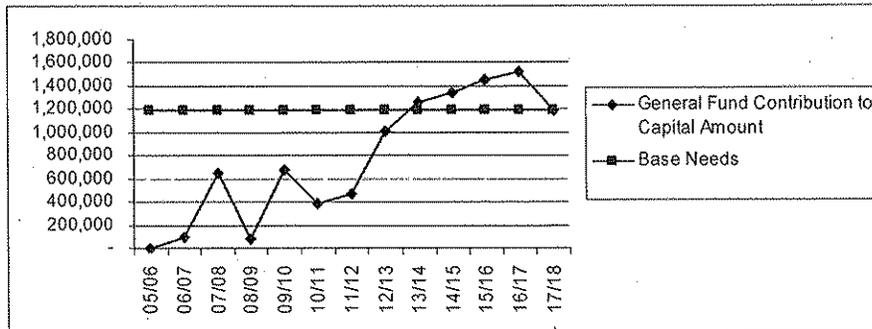
<sup>1</sup>Includes Town's expenditures for Region 19. Does not include \$214,000 contribution to Fund Balance.

Notes: "Town-wide" includes insurance and employee benefits. "Government Operations" includes energy costs for the Town. "Other" includes debt service and capital contribution.

Corrected slide #19 (Fiscal year alignment)

## FY '13 Capital Projects

General Fund Contribution to Capital: Baseline Needs  
v. Actual & Projected Contributions FY '06-'18



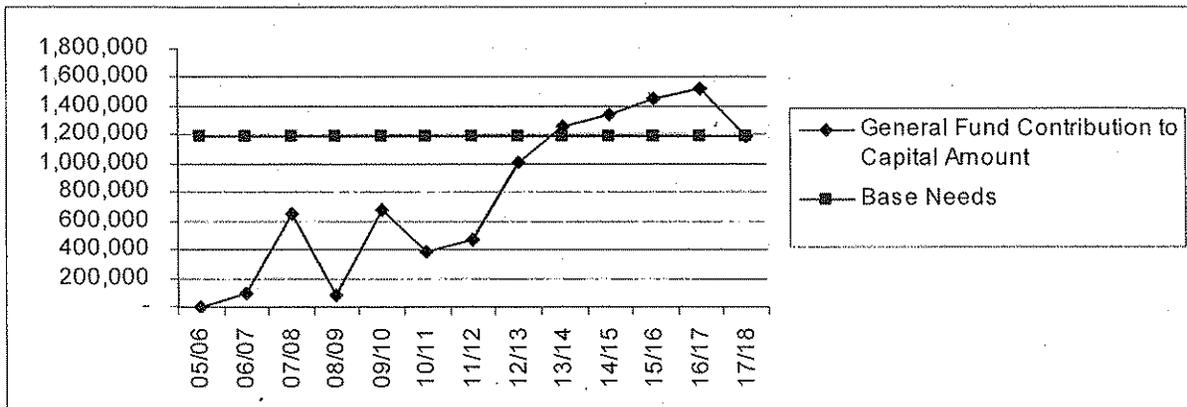
ISSUE PAPER

CAPITAL EXPENDITURES AND DEBT

As recently as FY 2006/07, the Pequot/Mohegan grant was the largest funding source for the Town's capital improvement program (CIP). The grant now totals approximately \$200,000 per year, which amount would finance approximately 10-15% of our basic capital needs. More recently, the Town has embarked upon a multi-year plan to increase the general fund contribution to the capital projects fund, in order to make up the loss of Pequot/Mohegan grant monies. In FY 2010/11, the Town budgeted \$387,500 as a general fund contribution to the capital projects fund and increased that amount to \$476,000 in FY 2011/12. Other important funding sources for the CIP include the state's Local Capital Improvement Program grant (LoCIP), other grant monies and ambulance service fees.

Because we are seeing some modest new tax revenue and declining high school education expenditures for the next fiscal year, staff believes we have an opportunity to begin to make a more substantial investment in our CIP. Consequently, for FY 2012/13 staff recommends a general fund contribution of \$1,014,210 to the capital projects fund budget in order to begin to finance all regular, recurring capital projects and initiatives on a *pay-as-you-go* basis, with exceptions for large construction and building projects (e.g. schools, major road projects and other infrastructure) and other significant initiatives. With a *pay-as-you-go* or cash model, it is important to build a base CIP budget that gradually increases over time and to adhere to a replacement schedule for heavy equipment and other expensive items. Therefore, under the proposed FY 2013-17 CIP, the Town would increase the base general fund contribution over each of the five years to make this approach truly viable. By moving more quickly to a *pay-as-you-go* financing model, the Town would have a stable funding source for capital needs and be able to replace equipment and infrastructure on a timelier basis, thereby avoiding crisis situations inherent to an aging fleet and older facilities. Furthermore, a *pay-as-you-go* financing model would allow the Town to better manage its debt service and to potentially improve its bond rating, with long-term savings for its taxpayers.

The chart below illustrates how the general fund contribution would increase over the 5-year plan to help finance a more sustainable CIP. As you can see the 5-year period reflects an increase in General Fund support to enable us to catch up on our backlog of equipment replacement needs. If the Town is able to adhere to this plan, we project that by FY 2017/18 we would be able return to a stabilized, base general fund contribution of approximately \$1,185,000 per year.





**ANTHEM BLUE CROSS MONTHLY CLAIMS  
FISCAL YEAR BASIS**

MONTH	99/00	00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY08/09	FY09/10	FY10/11	FY11/12	Average '92-'11	Average FY'07-'11
JULY	170,906	216,792	216,195	231,239	353,025	332,653	368,941	409,635	430,780	493,991	534,203	667,615	410,100	272,798	507,245
AUGUST	146,139	215,571	247,118	247,238	296,808	327,584	323,401	499,754	554,171	567,129	520,970	583,042	443,808	284,196	545,013
SEPTEMBER	140,741	264,603	230,526	257,491	323,667	302,399	298,440	415,053	430,908	438,495	438,428	320,452	475,683	246,903	408,667
OCTOBER	108,729	180,875	240,996	262,401	312,245	275,610	351,888	370,945	384,033	440,640	518,768	524,875	429,967	248,896	447,852
NOVEMBER	125,629	203,813	208,715	217,831	342,691	448,834	299,882	370,405	489,535	383,653	461,484	371,112	419,740	244,936	415,238
DECEMBER	181,592	185,278	256,252	190,532	415,554	358,577	343,209	427,447	436,589	358,543	368,522	502,648	451,734	252,729	418,750
JANUARY	204,232	200,762	251,986	333,923	342,476	358,256	356,891	364,331	508,001	454,813	389,841	497,371	461,600	272,094	442,871
FEBRUARY	194,411	180,679	267,614	331,286	340,298	305,259	492,485	527,867	629,924	521,301	497,159	550,094	480,989	308,393	545,269
MARCH	211,199	200,818	237,003	358,881	386,649	409,245	392,138	482,188	399,055	482,221	519,594	600,223		294,562	496,656
APRIL	181,703	206,143	342,562	259,835	402,093	443,382	321,969	484,465	476,056	473,587	517,452	513,677		281,242	493,047
MAY	215,754	244,270	276,117	387,515	391,287	387,104	383,505	562,876	516,518	511,932	346,650	398,403		291,341	467,276
JUNE	193,549	251,842	251,747	347,060	357,517	399,827	386,641	606,023	425,253	419,214	465,244	483,975		289,057	479,942
<b>ANNUAL TOTAL</b>	2,074,584	2,551,446	3,026,831	3,425,231	4,264,309	4,348,731	4,319,389	5,520,987	5,680,824	5,545,518	5,578,314	6,013,488	3,573,620	3,150,992	5,667,826
<b>MONTHLY AVG</b>	172,882	212,620	252,236	285,436	355,359	362,394	359,949	460,082	473,402	462,127	464,860	501,124	446,702	264,281	472,319
<b>% OF INCREASE</b>	-5.1%	23.0%	18.6%	13.2%	24.5%	2.0%	-0.7%	27.8%	2.9%	-2.4%	0.6%	7.8%	-10.9%	10.68%	7.34%