

# FY 2012 Budget Discussion

Dale Olmstead, Jr., Town Manager

Abbe Yacoben, Finance Director

# Budget Highlights

- Total Budget increase of \$42,123 or .45%
- County Tax increase of \$20,420
- FEDC contribution moved to Destination Freeport TIF
- No tax increase
- Current budget is a “maintenance budget”
- New items are listed for council review/addition

# Budget Challenges/Red Flags

- Fully fund reserves-use of excess fund balance
  - This is a source of funding reserves
- Operating budget-use of excess fund balance
  - We use excess revenue as a means of cash-flow
- Recreation field maintenance
  - Unknown source of offsetting revenue
- Train station maintenance
  - Unfunded mandate
- Moving to a less conservative budgeting strategy-risky
  - Recent S&P upgrade cites good financial policy/budgeting/reserves practice. Moody's specifically states that less conservative budgeting could lead to a downgrade.
- Uncertain State revenue streams
  - Revenue Sharing and Road Assistance are unknown from year-to-year

# Future Considerations

- FY 2012 budget is balanced...however
  - Sacrifice was conservative approach
- FY 2013 Budget Changes
  - If same approach is used we must:
    - Include transfer to reserves as an expense budget
    - Reduce/eliminate the transfer in from fund balance
- Staff Recommendations
  - Allow a small tax increase when necessary in lieu of less conservative approach
    - This will save money in the long term
      - No rating decrease
      - No TAN
      - More flexibility in capital planning/no interest if financing future projects