TOWN OF HOPKINTON

FISCAL 2013 TOWN MANAGER BUDGET PRESENTATION

Presented to:

>   Todd Cestari, Chairman
>   Benjamin L. Palleiko, Vice Chairman
>   Michelle Gates
>   John M. Mosher
>   Brian Herr

Presented by:

>   Norman Khumalo, Town Manager
>   Suzanne Marchand, Finance Director

Budget Process

➢ Budget message set by Board of Selectmen on **November 1, 2011**

➢ Departmental request submitted to Town Manager on **December 31, 2011**

➢ Town Manager submits recommended budget by **March 1, 2012**

➢ Selectmen review and submit recommended budget to AC by **March 15, 2011**

➢ AC holds hearings and publishes recommendations by **April 11, 2012 (tentative date)**

Budget Goals

➢ Achieves fiscal health in the short term and fiscal wellness in the medium term

➢ Invests tax resources based on priorities set by the boards and community

➢ Spends within the Town's means while proposing a responsible level of taxation

➢ Promotes collaboration when responding to technology challenges

Budget Goals (continued)

➢ Adds to the capital reserve and stabilization fund

➢ Sets aside down payment for other post employment benefits liability

➢ Funds Pay-as-you-go Capital and Non-Pay-as-you-go capital

➢ Achieves efficiencies while continuing fiscal conservatism
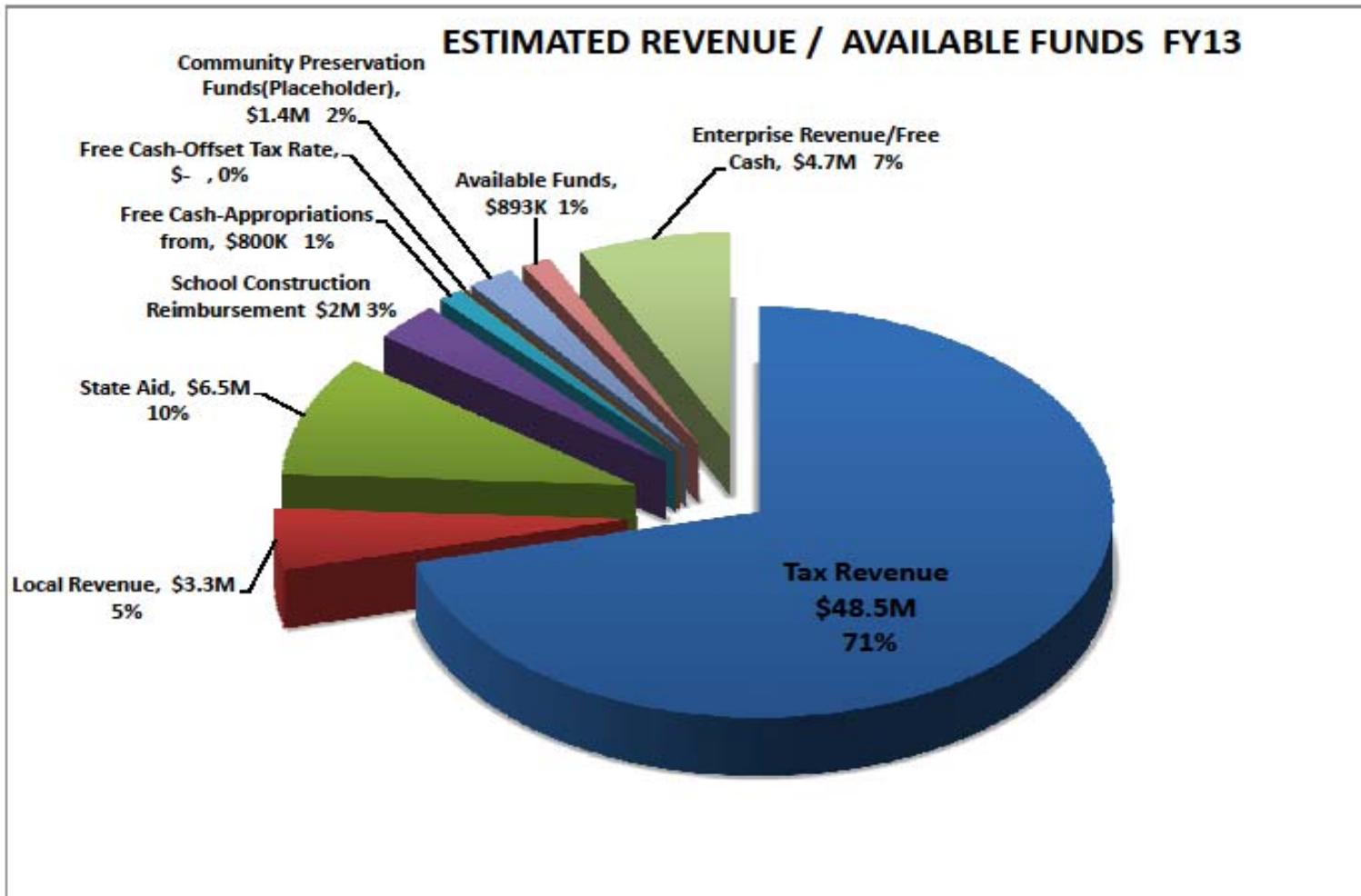
Budget Rationale

- *This balanced budget is based on a realistic projection of revenues and expenditures.*

a. Tax Revenue

Tax Base	**45,309,403**
Tax Levy Increase (2.5%)	**1,132,735**
Estimated New Growth	**750,000**
Debt Exclusions (Current)	**2,488,352**
Excess Levy Capacity	**(1,148,046)**
Total amount to be raised	**48,532,444**

b. Other Revenues

➢ Local Revenue **($3,313,392)**

➢ State Aid **($6,519,908)**

➢ School Construction Reimbursement **($2,077,694)**

➢ Free Cash – appropriations from **($800,000)**

➢ Community Preservation Funds **(placeholder $1,447.620)**

➢ Other Available Funds **($893,171)**

➢ Enterprise Revenue & Free Cash **($4,751,027)**

ESTIMATED REVENUE / AVAILABLE FUNDS FY13

Community Preservation Funds(Placeholder), $1.4M 2%

Free Cash-Offset Tax Rate, $- , 0%

Free Cash-Appropriations from, $800K 1%

School Construction Reimbursement $2M 3%

State Aid, $6.5M 10%

Local Revenue, $3.3M 5%

Available Funds, $893K 1%

Enterprise Revenue/Free Cash, $4.7M 7%

Tax Revenue $48.5M 71%

Budget Rationale

■ *Enhances stabilization fund, maintains soft reserves (excess levy capacity) and makes a positive step towards funding other post employment benefits for retirees.*

Reserve Balances

- Excess Levy Capacity (soft reserve) **$1.148M**
- Stabilization Fund
  - **$1.04M**
  - Recommend **$100k** Fiscal 2013
- Capital Stabilization Fund
  - **$75K**
  - Recommend **$50k** Fiscal 2013
- OPEB Trust Fund
  - **$0**
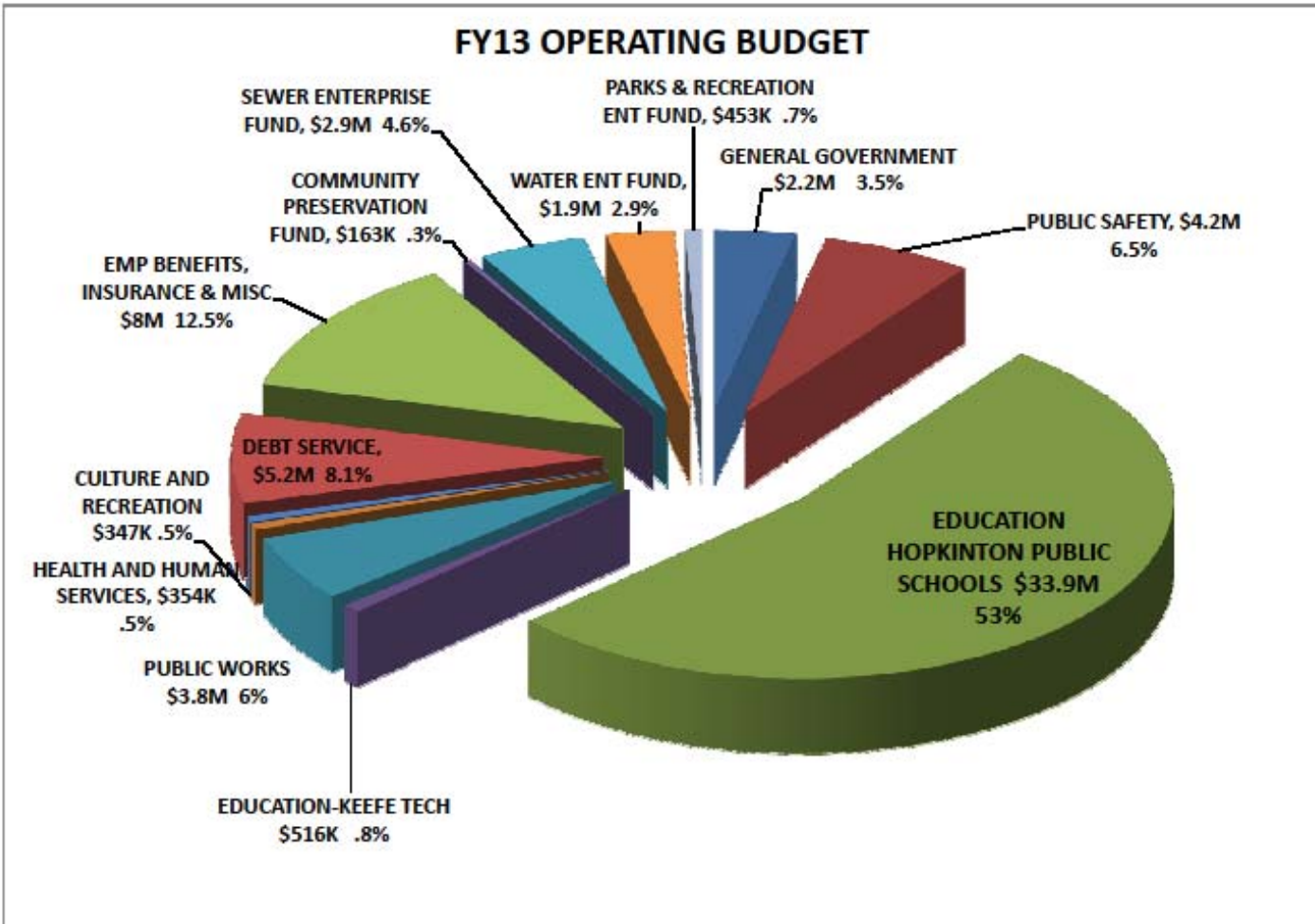 - Recommend **$50k** Fiscal 2013

Budget Rationale

- *Controls costs and spending while preserving the town's excellent services and educational system and moving forward the town's strategic goals in services, education and infrastructure.*

New Expenditures Cont'd

➢ Hopkinton Public Schools +3.03%   **1,000,000**

➢ Keefe Tech +3.03% (estimated)   **15,188**

➢ Town General Fund Departmental   **205,778**

   Budgets +1.88%

➢ Debt Service -13.83%   **(831,300)**

➢ Capital Pay-as-you-go   +7.90%   **711,622**

➢ Essential Investments   **328,000**

New Expenditures

Employee Benefits, Insurance & Miscellaneous +2.74%   **229,809**

➤Unemployment Insurance   **30,000**

➤Life Insurance   **(7,000)**

➤Health Insurance   **150,000**

➤Retirement Assessment   **54,809**

➤Drug and Alcohol Testing   **2,000**

FY13 OPERATING BUDGET

Budget Rationale

- *Reduces town subsidy for Parks and Recreation via enterprise fund **($47,926)***

Budget Rationale

- *Aggressively mitigates the spiraling cost of health care and other fixed costs*

- ➤ Aggressively monitoring the performance thresholds set in last year's competitive bids.

- ➤ Sought and received union consensus on carrier and plan design changes last year.

- ➤ Implementing mandatory Medicare for retirees per municipal health care reform.

- ➤ Aggressively pursuing loss prevention measures and best practices in facilities management.

Budget Rationale

- *Prioritizes the funding of Capital projects while continuing to fund a Capital Stabilization Fund.*
  - *School Truck $56,000*
  - *Schools-Strobe Light Warning System $30,000*
  - *DPW-Ford F-450 Dump $65,000*
  - *DPW-Trackless Municipal Tractor $125,000*
  - *DPW-Cemetery Mower $11,520*
  - *Police Vehicles $75,000*
  - *Joint Technology Town & Schools $300,000*
  - *Technology-Public Safety $40,000*

Budget Rationale

- *Minimizes tax impact on Hopkinton Residents.*

Projected Tax Impact – does not include unapproved new debt exclusions

FY12	FY13	FY14	FY15	FY16
1.58%	1.59%	2.54%	1.00%	-.53%

Budget Rationale

- *Continues best debt-management practices*

ANNUAL DEBT: CURRENT AND PROPOSED