



## **TOWN OF HOPKINTON, NEW HAMPSHIRE**

### **FISCAL POLICY FOR BUDGET, TAXES AND USE OF SURPLUS**

**POLICY NO. 31**

It is the policy of the Board of Selectmen to manage the fiscal and prudential affairs of the Town of Hopkinton in a manner that maintains a level Municipal tax rate from year to year, continues to meet the goals adopted by the Board, provides Department Heads with adequate funds to make available the level of services expected by residents and ensure surplus funds are used to maintain a level tax rate while utilizing excess funds toward the elimination of the public's debt whenever possible.

Through a combination of prudent spending, maximizing revenues and judicious use of surplus the Board of Selectmen are well poised to ensure that the municipal tax rate is maintained at a level rate.

It is proposed that the town maintain the Department of Revenue Administration's recommended guideline to retain five percent (5%) of regular general fund operating expenditures from the annual surplus (fund balance) with the excess utilized to reduce taxes or fund future appropriations.

Revenues are an integral part of the tax rate and need to be reviewed and adjusted when necessary in order to ensure that users of services are paying their share of the cost for services rendered. To this end, department managers should analyze revenues for their department throughout the year and recommend changes as necessary. Revenues should be reviewed at the start of each budget preparation cycle and changes should be implemented at the beginning of each calendar year when warranted.

Slow to moderate growth should be the key to spending policy. Department managers are most effective in producing spending plans that will maintain and enhance the town's infrastructure, service level or program goals at a slow to moderate growth rate.

As with any plan careful oversight throughout the year and review of revenues projections, unusual spending, increased costs attributed to outside vendors or natural or man-made circumstances may require the Board to take corrective actions which may include close monitoring of or freeze on spending, adjustment to the amount of surplus used or other measures that will provide the Board the maximum opportunity to maintain a stable municipal tax rate.

Adopted this 2<sup>nd</sup> day of January 2007.

Signed by:

Board of Selectmen

Louise M. Carr, Chairman

Clarke L. Kidder

Donald K. Lane

Peter M. Russell

George A. Langwasser