Town of

Hillsborough, California

Adopted Operating and Capital Budget
Fiscal Year 2004-2005

TOWN OF HILLSBOROUGH, CALIFORNIA

FISCAL YEAR 2004-2005 ADOPTED OPERATING AND CAPITAL BUDGET

WITH PRELIMINARY BUDGETS FOR FISCAL YEARS 2005-2006 & 2006-2007

TOWN OF HILLSBOROUGH

1600 FLORIBUNDA AVENUE
HILLSBOROUGH
CALIFORNIA
94010-6418

OFFICE OF THE CITY MANAGER
ANTHONY CONSTANTOUROS

May 5, 2004

Honorable Mayor and Members of the City Council,

Introduction

A balanced Town of Hillsborough Operating Budget for Fiscal Year 2004/05 is forwarded to the City Council for consideration. In addition, a Capital Improvement Budget for Fiscal Year 2004/05 is included as well. The Operating and Capital Budgets are presented as a single document to facilitate reference and discussion. This document is the result of individual reviews with each department, deliberations at a management staff team building workshop, review by the Financial Advisory Committee on April 26th, and review by the City Council at a study session held on May 10th.

The three-year budget also includes Fiscal Years 2005/06 and 2006/07. These years are presented for informational purposes. A three-year budget is an excellent financial planning tool in stable economic and legislative environments. There are many potential legislative and initiative changes that are under consideration at the State level that could have significant effects, both positive and negative, on the Town budget. Such a fluid environment does not allow the development of reasonable estimates of future revenues. In addition, investment returns for the PERS retirement system have shown significant improvement. A continuation of this trend would reduce retirement costs to the Town of Hillsborough. Since escalating retirement costs have created budget problems on a statewide basis, the possibility of lower town retirement costs would make dramatic budgeting differences.

Hillsborough Financial Management

With serious financial issues facing many communities in California, Hillsborough has been able to avoid reductions in service and other drastic budget reduction strategies. This has been a result of a number of unique aspects to the Town's financial management.

- ***Fire Merger*** – The Town of Hillsborough successfully merged fire services with the City of Burlingame. This was the first successful fire merger in San Mateo County in the last 25 years and the result of a three-year process. The merger will save the Town a projected $700,000 in the next fiscal year, with additional savings in future years. The merger was accomplished by eliminating duplication, while improving the quality. A six-month trial program, prior to approval of the merger on April 20, 2004, verified these conclusions.

- ***Windfall Revenues*** – Several years ago, the Town benefited from a growing economy and received higher than anticipated revenues. These revenues were set aside and not expended. This policy is now providing insurance in times of financial uncertainty.

- ***Fiscal Conservatism*** – The Town has concentrated on providing excellent local government services within budget constraints. As a result no unusual programs outside the normal role of municipal government were initiated. The only new programs were related to state mandates, such as recycling regulations, or changes instituted by other government agencies, such as the change to Chloramine by the San Francisco Public Utilities Commission.

- ***Long-Term Financial Planning*** – The Town has evaluated finances on a longer term than just a single year. This has assisted in the early identification of potential areas of concern. Beyond the three-year budget, the Finance Director has prepared five-year and ten-year projections. Although the current economic and political environment does not allow for feasible projections, the Town is still able to identify issues of relevance and their potential impact on future budgeting.

- ***Retirement Program Deferments*** – The Town labor unions and associations have agreed to defer new retirement programs. Public Works, Fire and Police retirement programs have been deferred for several years, avoiding the huge increases in PERS rates that have caused budget problems in many cities. With a trend

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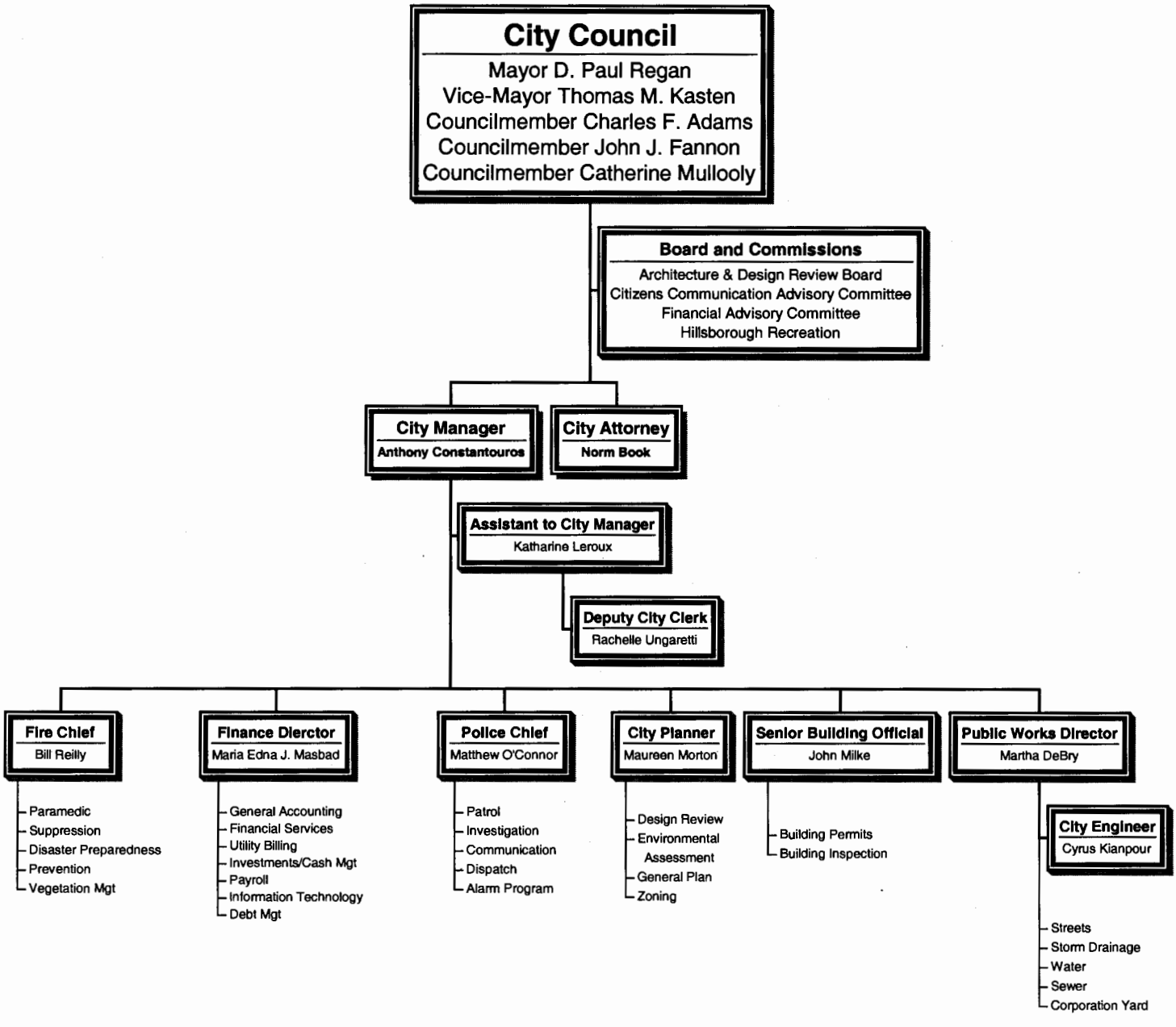
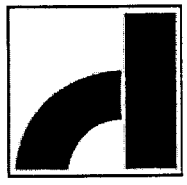
Town of Hillsborough
Organizational Chart and Principal Officials





GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Town of Hillsborough

California

For the Fiscal Year Beginning

July 1, 2001

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Town of Hillsborough, California** for its budget for the budget period beginning July 1, 2001. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

Note: The Town of Hillsborough issued a multiple-year (3 years) budget document.

California Society of Municipal Finance Officers

Certificate of Award

Excellence in Operational Budgeting 2002-2004

Presented to

Town of Hillsborough

This certificate recognizes the achievement of Excellence in Operational Budgeting and reflects an outstanding budget document and the underlying budgeting process through which the budget is implemented.

February 21, 2002

Joan Michaels
Chair, Budgeting & Financial Management

Vice-Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management