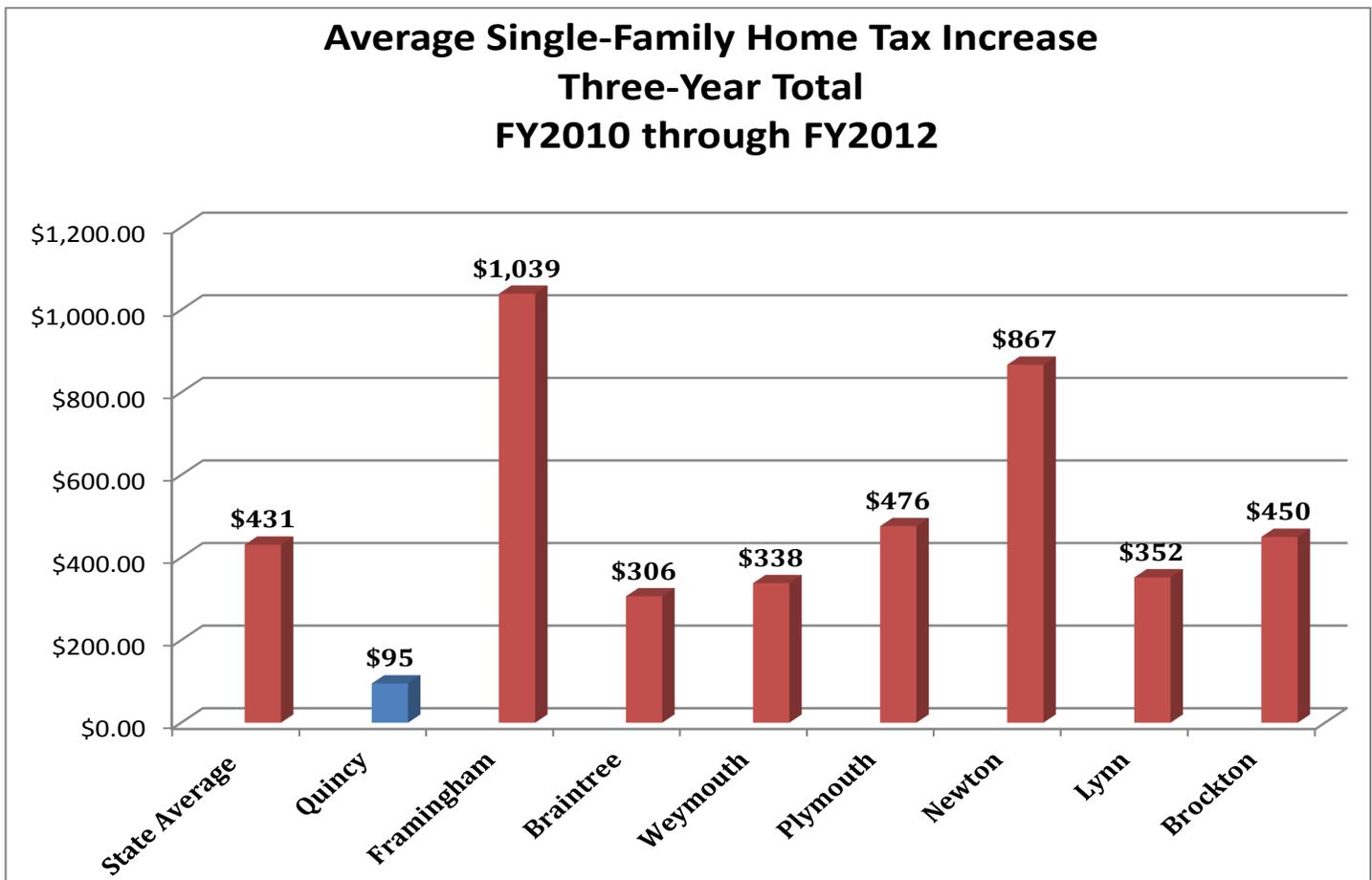
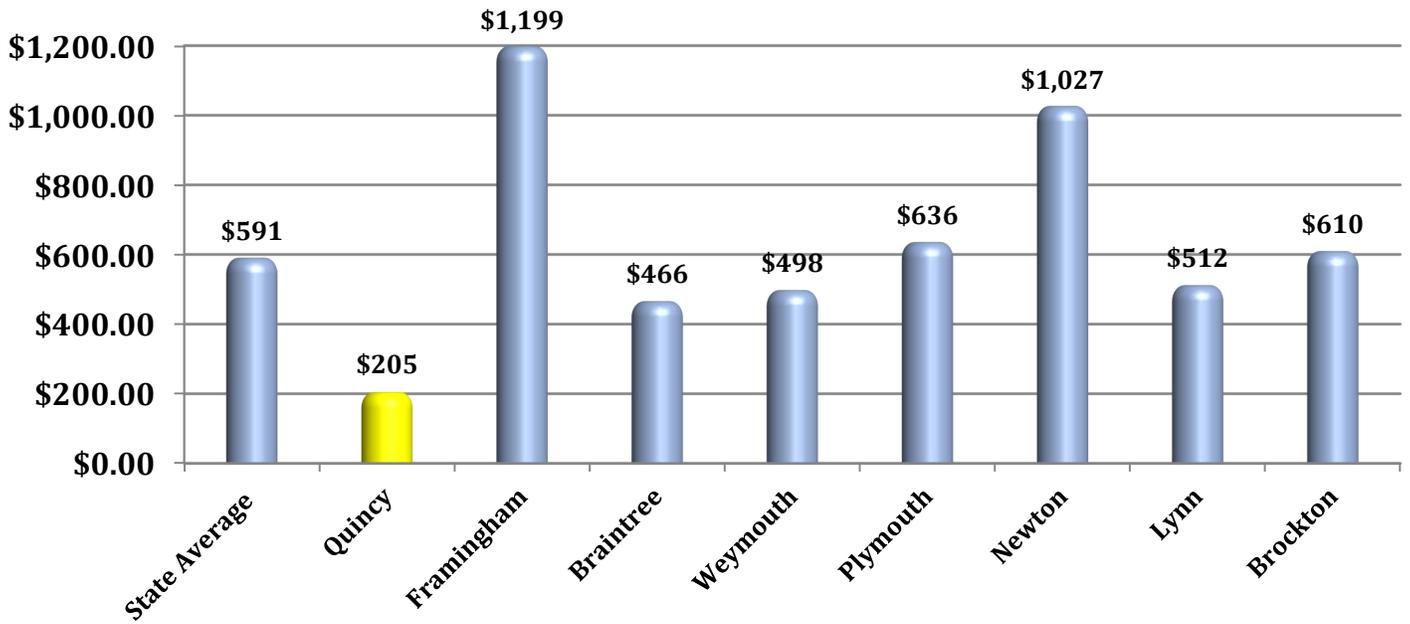


## Meeting Goals

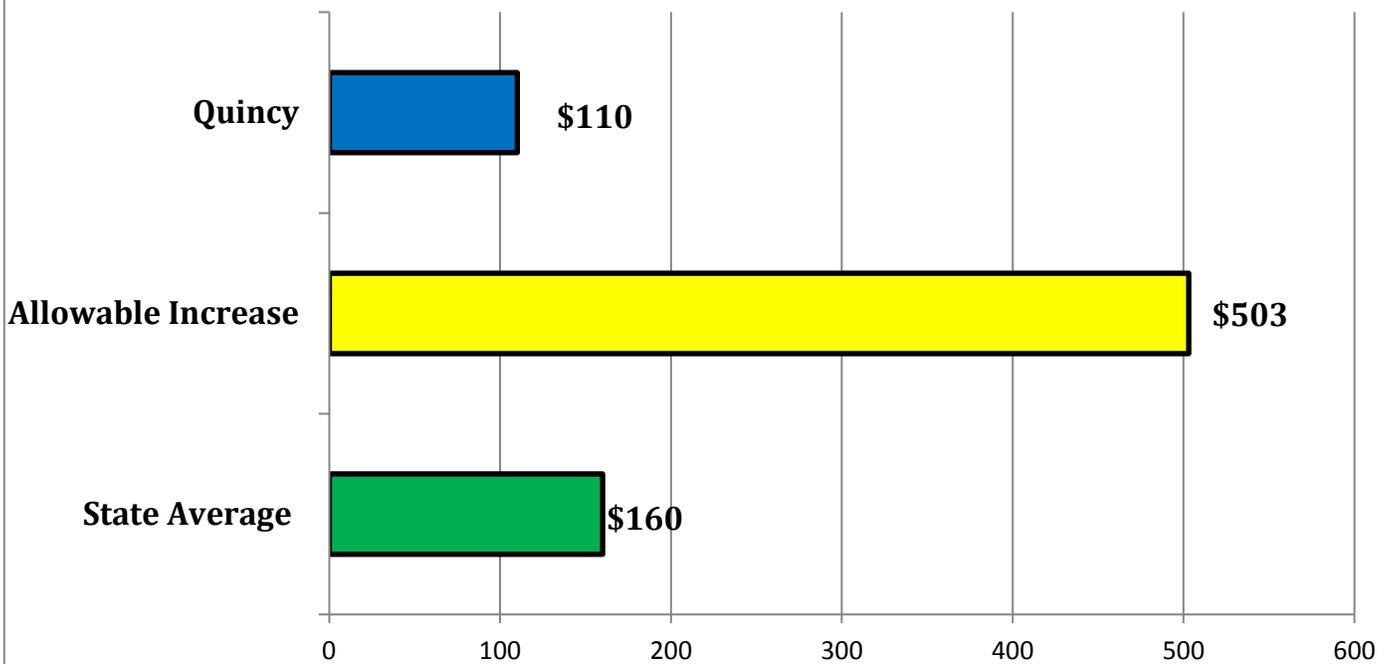
- During the FY2013 budgetary process in the Spring, Mayor Koch committed to keeping the property tax increase for the average single-family home to about \$110.
- The tax rate proposed for FY2013 meets this goal.
- Last year's average single-home of \$325,000 will be \$315,800 for this fiscal year, reflecting sales values in 2011 — the tail end of the housing downturn. Empirical data shows that home values in fact have been increasing for many months, and that data will be reflected in the FY2014 tax rate.
- The \$110 increase on the average single-family home continues a several-year trend of keeping homeowner increases well below state averages while maintaining one of the largest excess levy capacities in the Commonwealth.
- These Koch Administration policies — conservative forecasting, limited budget growth, and methodically eliminating structural deficiencies — have left the City in an increasingly stable financial position.
- This stability allows the City to move forward with an additional appropriation that will eliminate final major structural problem identified by our independent auditors, which exists in the fire and police detail accounts.



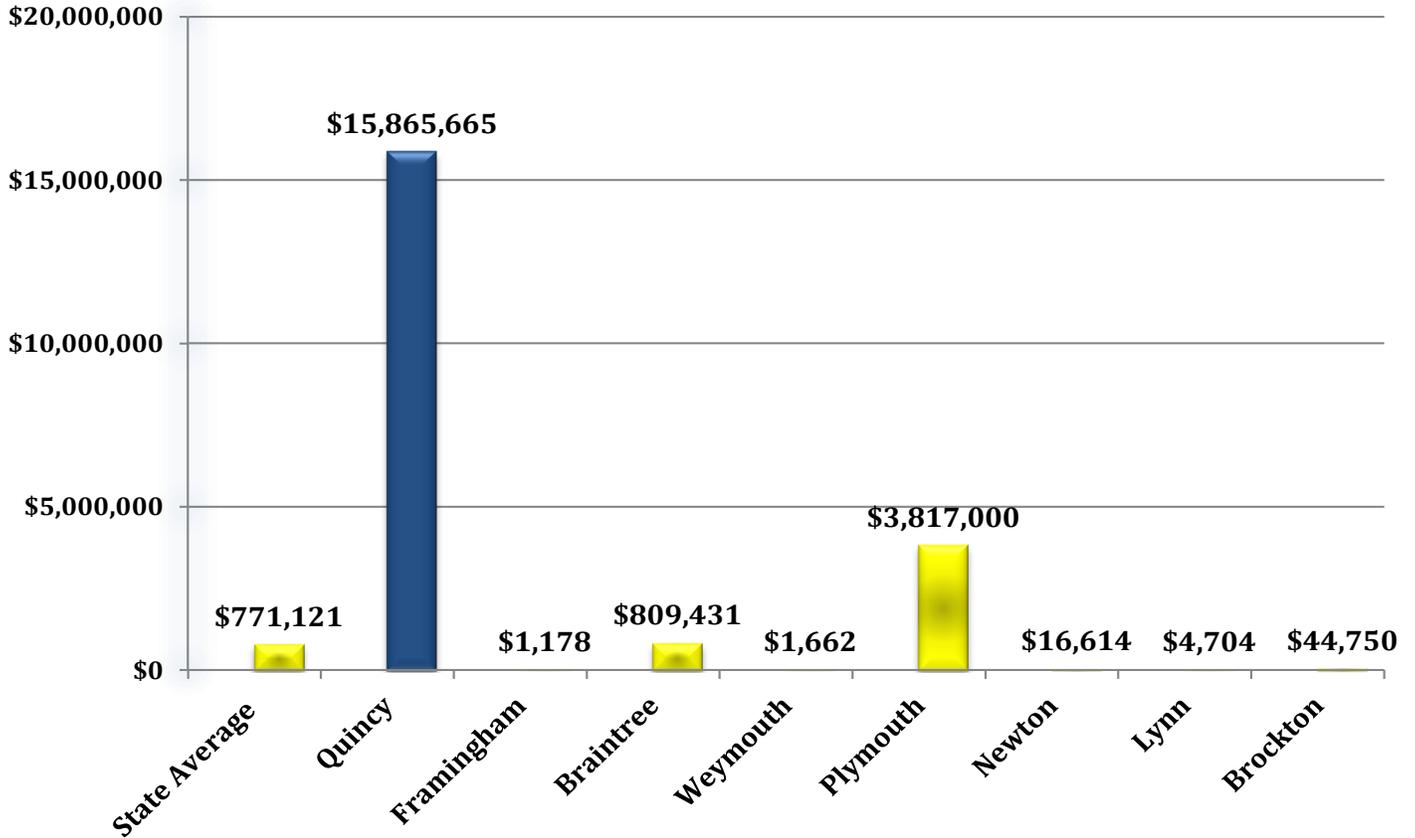
### Average Single-Family Home Tax Increase Four-Year Total FY2010 through FY2013 (Projected)



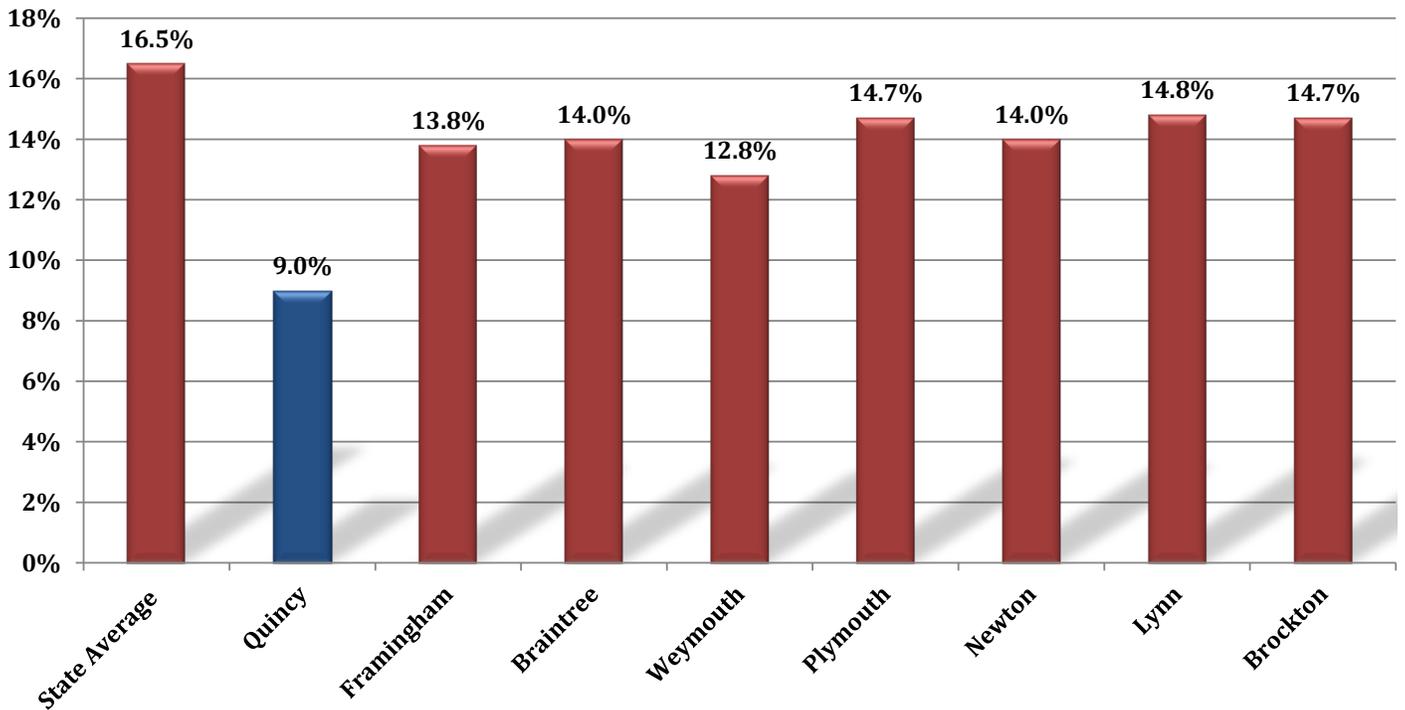
### Average Single-Family Home Tax Increase FY2013



## Excess Levy Capacity



## Tax Levy Increase Four-Year Total FY2010 Through FY2013 (Projected)



## Long-Term Stability

Tonight's agenda includes several items that focus on the City's long-term financial stability:

- A \$947,000 appropriation from FY2013 revenue that will be used to offset the long-standing deficit in unpaid police and fire details. This is not a new problem, but one that has continually been raised by our independent auditor. Coupled with a more aggressive collections policy, this appropriation will eliminate this deficit in its entirety and eliminate it as a material weakness in our annual audit.
- An order creating an Other Post-Employment Liability Trust Fund and an associated appropriation of \$210,000 from Free Cash into that account. All Massachusetts cities and towns currently pay health care costs for retired employees on an annual pay-as-you-go basis. In recent years, the state has determined that this system is unsustainable in the long term, and has directed cities and towns to plan for these costs by setting aside funds in reserve.
- A \$496,000 appropriation from Free Cash — which is state-certified surplus — into the City's Stabilization Fund, which will bring the fund's total to \$5 million. It is vital that we continue to build upon this number in coming years.
- An appropriation of \$420,000 from Free Cash to a **new Inclement Weather Reserve** to help defray costs of natural disasters and emergencies that are unrelated to snow and ice removal. This will reduce the City's exposure to such events, and the reserve could also be used to help offset costs for unusually difficult winters.
- The three above appropriations are the product of Mayor Koch's commitment to financial stability as outlined in the FY2013 budget plan.
- The final appropriation from Free Cash is a \$250,000 request to cover an increase in the number of retirements requiring sick leave and vacation buyback from the City.