

Town of Hopkinton



Appropriation Committee Report with Recommendations

Annual Town Meeting - Special Town Meeting

May 8, 2021

Approved: April 22, 2021

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Summary Narrative

To the Citizens of Hopkinton:

The Hopkinton Appropriation Committee (the Committee) has reviewed and recommends the proposed Fiscal Year (FY) 2022 General Fund operating spending, pay as you go capital spending, and principal and interest spending on capital items projected to be acquired using debt in the amount of \$98,724,738 for the period commencing July 1, 2021, as presented by the Town Manager and Select Board.

The overarching priorities reflected in this budget respond to a second full budget year of the COVID-19 public health emergency. This proposal is very effective in meeting financial priorities in FY 2022. Key aspect of this budget proposal include:

- Funding Town services at FY 2021 service levels, with targeted additional service increases for the Hopkinton Public Schools
- Resumption of General Fund, Water Enterprise Fund, and Sewer Enterprise Fund capital spending, after that spending was paused in FY 2021; with 97% of General Fund projects to be bonded and 30% of General Fund pay-as-you-go capital spending supporting the Hopkinton Public Schools
- Preservation of 100% the Town's General Stabilization balance, sustaining financial strength and supporting low cost future borrowing
- Incorporation of increased State and Federal funding to sustain and increase service levels while managing tax impact

While immediate needs are met by this budget, multi-year projections show that continued cost growth substantially in excess of the Proposition 2-½ 2.5% cap on cost escalation will be a challenge in FY 2023 and beyond, as growth in residential construction is expected to taper off and revenue from new growth in the tax base correspondingly tapers off. Likewise, substantial capital spending for school construction which is expected to be requested in future years is likely to pose a significant tax impact challenge. That will be the case if new school facilities are built with debt that is voted to be excluded from the limits of Proposition 2 ½, and even if partial support is obtained from the Massachusetts School Building Authority.

General Fund Sources of Funds

Property tax receipts are expected to generate net revenue for the operating budget of \$80,633,100, with \$2,000,000 of that amount coming from new growth mostly tied to new

residential construction, and reflecting a net increase in debt payments excluded from the proposition 2 ½ limits of \$428,686, subject to voter approval, after Town Meeting approval. Overall, property taxes account for 83% of Town operating revenue; with 84.2% of property tax revenue coming from residential property, 7.2% from industrial property, 4.0% from commercial property, and 4.6% from taxable business personal property.

The proposed operating budget would have a tax impact on existing taxpayers within the tax levy of 2.86%, consisting of a 2.31% increase on the existing tax levy, and adding a 0.55% impact by the net change in excluded debt service. The FY 2022 operating tax impact of 2.86% translates into an increase of about \$320 for the average taxpayer whose home is valued at \$655,500 with a prior year tax bill of \$11,195.

As noted above, the operating budget is supported by an estimated \$2,000,000 in additional tax revenue from new growth, mostly derived from new residential construction. Overall, new growth is expected to contribute 53% of the new property tax revenue within the tax levy in the FY 2022 General Fund operating budget, excluding new taxes from new debt proposed for exclusion from the tax levy. New growth is projected to be down 6.8% from the actual level experienced in FY 2021.

The budget shows local aid from the Commonwealth of \$9,427,975, up 9.6%; while payments to state-sponsored cooperative programs including public transportation, charter school tuition, and mosquito control of \$472,521, down 18.7%. Local receipts, including motor vehicle excise taxes are expected to be up 2.7%.

The proposed FY 2022 budget continues to make the most of sources of funds other than property tax collections to pay for items in the budget. An amount of \$2,645,278 from the Town's certified Free Cash carried forward from previous years is being used to provide \$410,000 to the Other Post-Employment Benefits (OPEB) Liability Trust Fund, \$1,542,930 of the \$1,842,930 of pay-as-you-go capital items, and \$692,348 to support operating spending and balance the budget. While Town financial policies indicate that the use of one-time funding to support operating spending should be avoided when possible, such funds were used in FY 2018 (\$1,024,143), FY 2020 (\$257,995), and FY 2021 (\$1,033,815); while excess tax levy was used to balance the budget in FY 2019 (\$1,837,821), FY 2020 (\$772,286), and FY 2021 (\$341,876). The \$692,348 in one-time funding being recommended to balance the budget avoids additional tax increases or spending cuts for the coming fiscal year. This action is compliant with laws and regulations.

In FY21, the Town is projected to spend \$2,521,481 in federal and state COVID-19 aid on allowable, incremental costs to the Town from the COVID-19 public health emergency.

Additional federal funding in an estimated amount of \$5,916,311 is expected to be allocated to the Town under the American Rescue Plan Act of 2021, available for use in FY 2022, FY 2023, and the first half of FY 2024.

This budget reflects strong cost control measures. As of March 31, 2021, the Town had the following stabilization balances: General Fund Operating Stabilization Fund \$3,897,555; General Fund Capital Stabilization Fund \$338,205; School Stabilization Fund \$2,128,997, with an additional \$1,953,050 receivable under a Host Community Agreement by December 31, 202. The combined total is \$8,317,808 available. Additionally, while this budget applies \$2,645,278 in certified free cash carried over from previous years for use in the operating budget, the Town has an additional \$305,067 in certified free cash from previous years that are not included in this budget, but that is available for future appropriation. That certified free cash balance will further raise the Town's effective General Fund reserves to \$8,538,415 million excluding School Stabilization Funds, or about 4.5% of the FY 2022 operating budget. Although Stabilization funds are not being used to support the FY 2022 budget, the Committee recommends building stabilization funds to target levels in future years.

General Fund Uses of Funds

The General Fund operating budget includes \$75,108,222 to fund the operation of Town Departments, \$13,752,451 for employee benefits and insurance, and \$7,532,399 to support the payment of principal and interest on debt. The budget contains a transfer of \$410,000 as a contribution to the Trust Fund to offset liability for non-pension retiree benefits that have been earned by Town employees (Other Post Employment Benefits, OPEB), sustaining this long-term commitment even during the COVID-19 public health emergency.

Debt service is a major factor in the multi-year financial horizon and the Town continues to take a long-term view of debt and operating spending trends, as is shown in the projections included later in this report. General Fund principal and interest payments of \$7,532,399 and past and proposed represents 7.6% of operating spending, which is below the maximum 15% debt service cost level established in Town Financial Policies. Those payments are tied to a General Fund debt level of \$86,575,862. With total debt across all government funds of \$104,983,794, the Town is at 47% of its statutory debt limit of \$225,222,606. General Fund debt that has been authorized at previous Town Meetings but which has not yet been issued could add up to \$167,939 to the debt load in FY 2022 and \$163,431 in FY 2023; and up to \$2,387,303 to the overall debt level over the long term. There are several proposals before the Town Meeting this year that would add new debt, principal, or interest in future years. In view of the truly unique situation facing the Town, Commonwealth, and Nation, and recognizing that the fiscal forecast

is as uncertain as ever, the Committee favors a conservative approach when considering the accrual of additional debt.

The Town's actuary computed that as of June 30, 2020, Hopkinton has a liability for future employee health benefits, OPEB, of \$27,117,158, partially covered by a trust fund balance of \$4,016,782 as of 03/31/2021, which is an 14.81% funding level for the liability, up from 11.3% as of the September, 2020 Town Meeting thanks to market returns and additional contributions voted by Town Meeting. This budget calls for an additional contribution to the OPEB Trust Fund of \$410,000. The actuary calculates that funding at this level, increased by 2.5% per year, will fully fund the liability by 2050, under current cost and life expectancy assumptions. This Committee appreciates the continued commitment to this substantial level of funding during the COVID-19 crisis.

Conclusion

The Committee previously expressed concerns about sustaining the budget in the coming years, and the temporary stress from the COVID-19 public health crisis is exacerbating those concerns. Forecasting by Town departments over fiscal years 2023 - 2025 shows anticipated deficits currently estimated to grow to about \$4.6 million per year by fiscal year 2025, arising from a drop off in new growth revenue and increases in Education spending and Employee Benefits expenses in excess of 2.5% per year. This emerging structural imbalance in the budget, combined with an expected surge of requested school construction spending, will be a financial management challenge for the Town in coming years.

This budget represents many hours of collaborative work between the Select Board, School Committee, Town Manager, Department Heads, and our Committee.

Respectfully Submitted by the Hopkinton Appropriation Committee

Michael Manning, Chair
Todd Cestari
Shahidul Mannan
Wayne Pacheco
Bill Flannery
Timothy M. O'Leary, Hopkinton CFO (ex officio)

Budget Messages



**TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE**

TO: Select Board, School Committee, Appropriation Committee, Town Departments
FROM: Norman Khumalo, Town Manager
RE: Fiscal Year 2022 Budget Development
DATE: September 30, 2020

On behalf of the Select Board, I request that your fiscal year (FY) 2022 budget submission conform to this direction, as supported by the Select Board in a vote at its September 29, 2020 joint meeting with the School Committee and the Appropriation Committee. Deliverables are due as specified in enclosure (1). The following guidance applies:

1. Departments should examine and be prepared to justify budgets from the bottom up. Use this opportunity to review your current operating approach, with an eye toward streamlining and improved efficiency of operations; and be prepared to discuss your review of operations for efficiency at your upcoming Town Manager Budget Review session.
2. The budget to be submitted to the Select Board, after Town Manager review, will provide options showing spending with 2.5% growth in the tax levy and 1% growth in the tax levy as an option if the economic recovery is slow.
3. Budget submission guidance from the CFO to departments, boards, committees, and commissions will require identification of costs to sustain the current level of services, identification of savings and efficiencies, and detail on any request to fund new or expanded services above the FY 2020 level. This also applies to any specific requests to increase spending or expand services in response to the COVID-19 public health emergency. If a Department submits more than one request to increase spending or expand services, those multiple requests should be listed in rank-order of priority.
4. Specific instruction on FY 2021 procedures for operating budget submission and capital requests will be forthcoming from the Chief Financial Officer.

As part of this year's budget process, I will be coordinating a series of public listening sessions to discuss ideas about new or expanded service levels or lines that the Town might consider. These ideas may involve new community requirements or stresses associated with the COVID-19 public health crisis, or they may involve other long standing issues.


A budget advisory group consisting of the Chairs of the Select Board, Appropriation Committee, School Committee, and professional staff will meet regularly, with Chairs reporting to their respective boards. I look forward to another successful collaboration for the development of the FY 2022 budget.

Enclosure: (1) Proposed 2021 Annual Town Meeting & FY 2022 Budget Timeline
Proposed 2021 Annual Town Meeting & FY 2022 Budget Timeline
September 29, 2020

Please note that some of the dates provided below are an estimation and may change. Please call the Town Manager's office at 508-497-9700 with questions. For your convenience, references to relevant state laws, local bylaws, Town Charter and policies are also included.



TOWN OF HOPKINTON
Finance Department
18 Main St., Hopkinton MA 01748

TO: Hopkinton Departments, Boards, Committees, & Commissions
FROM: Timothy M. O'Leary, Chief Financial Officer 
DATE: October 9, 2020
SUBJ: Fiscal Year (FY) 2022 Operating Budget Submission Requirements

REF: (1) N. Khumalo memo of 9/30/2020, Subject: Fiscal Year 2022 Budget Development

In accordance with reference (1), I am providing this amplifying information to support your FY 2022 operating budget submission. Noteworthy requirements include:

- Budgets should be evaluated from the bottom up, validating each proposed cost
- Your budget should reflect a review for efficiencies and cost savings
- Your budget should be for continuation of FY 2021 operating levels, less efficiencies
- Requests for expanded services or new cost items should be itemized separately
- The Select Board has requested two budgets; one using the full 2.5% tax levy increase allowed under Proposition 2 ½ and one using a 1.0% tax levy increase

To support budget development, I am sharing a customized departmental operating budget template in Sheets formats with each of you, referencing this memo in the transmission email with the yellow highlighted sections of tabs (a) through (h) requiring attention. The google sheets budget template is pre-populated with accurate FY21 baseline spending and personnel information to serve as the basis for your budget development. I am also providing a sample for the Departmental narrative as enclosure (1). Please provide worksheet submissions to me for consolidation and Town Manager review by November 2, 2020; and budget narrative submissions by December 1, 2020.

- a. Budget Worksheet - we are providing past and current year data and ask that you develop FY22 data by salary and expense category for current level services. A download from your Munis entry is an acceptable alternative for this tab.
- b. Personnel Budget Sheet - Project wages by employee for 52.2 weeks or 26.1 pay periods, and include factors for longevity, shift differential, stipends and other special or contractual wage factors as appropriate. Include FY21 merit increases, exclude projected FY22 merit increases.
- c. Budget Strategic Impact - Identify specific cost escalation or service challenges within the current level services submission, tied to strategic risks and opportunities.
- d. Efficiencies & Cost Containment - Identify savings associated with operational, technology, or process initiatives and indicate whether savings are recurring or 1-time.

- e. Training Needs - Identify training needs by employee or group to support both budget development and training program management.
- f. Membership Dues & Travel - Include travel for training in this tab.
- g. Revenue - Identify non-budget revenue projections, including gifts, grants, revolving fund, trust fund, state aid, and other revenues.
- h. New Starts - Per reference (1), itemized budget requests tied to new or expanded service initiatives should be detailed on this tab, identifying: the risk or opportunity being addressed; the action proposed; the cost of the proposed action; and the expected benefits or outcomes described in objective terms where possible, and otherwise subjectively.

In completing the Departmental Overview, please begin your narrative with some key performance metrics as shown in the sample that highlight how your Department enriches the quality of community life for our residents, consistent with our Town Vision Statement, through efficiency and/or productivity. An update of your submission for the Town Report may be an excellent fit for this requirement. This is a continuation of the Town's effort to explicitly tie spending with performance outcomes that serve our strategic vision. Please contact me with any questions or constructive suggestions.

ENCL: (1) Sample Departmental Overview



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE
Norman Khumalo, Town Manager

TO: Town of Hopkinton Select Board

FROM: Norman Khumalo, Town Manager

DATE: January 26, 2021

RE: Fiscal Year (FY) 2022 Comprehensive Budget Transmittal

As directed by the Select Board and consistent with the budget timeline established, this memorandum provides two comprehensive budget recommendations for FY 2022; one recommendation reflecting a 2.5% projected tax impact, and a second recommendation reflecting a 1.0% projected tax impact. Both recommendations are within the constraints of the Proposition 2 ½ limit on growth in the tax levy, and both proposals consider funds available from projected new growth in the residential, commercial, and industrial tax base and other anticipated revenue growth.

Both budget recommendations reflect priorities of “recovery year” budgets, addressing the COVID-19 public health emergency and recognizing that economic hardship and recovery may stretch into FY 2023 and FY 2024. Within the tax impact levels prescribed, those priorities are:

- Sustain municipal services, including educational services, at FY 2021 levels
- Meet contractual obligations
- Fund targeted service expansion in the Hopkinton Public Schools and Health and Human Services programs related to both Town growth and stresses of the COVID-19 public health emergency
- Resume funding of the Town’s capital renewal program in a measured way
- Balance spending, the use of reserves, and tax impact in a way that meets service level expectations while minimizing adverse impacts on the Town’s long term financial health and stability
- Limited use of stabilization reserve funds to meet priorities while minimizing tax impact during the COVID-19 public health emergency, recognizing economic impact the pandemic has had on many Hopkinton residents

To be clear, both recommendations include adverse impacts to the Town’s long term financial health and stability, and those impacts involving the use of one-time funding to support new recurring costs are unsustainable over the long term. These actions are recommended as temporary measures during the

current economic downturn and COVID-19 public health emergency with the aim of sustaining the expected high level of municipal and educational services, while being sensitive to tax and pass-through rent impacts on residents experiencing financial hardship.

Recommendation 1, with a 2.5% projected tax impact, sustains FY 2021 municipal service levels into FY 2022. Most notably, this recommendation would also support all service expansion requests of the Hopkinton Public Schools, except that COVID-19 PPE will be centrally funded by the Town to the extent that it cannot be covered by anticipated federal grant funding. Recommendation 1 requires a contribution of \$774,764 from the School Stabilization Fund to support requested costs tied to enrollment growth, to provide a Hopkinton Public Schools budget of \$53,966,911, a 5.4% increase. Without that contribution, Recommendation 1 will have to be adjusted to reduce Hopkinton Public School spending below the amount requested, eliminating many of the service increase requests.

Recommendation 1 also includes limited service expansions in Town Health and Human Services, Public Safety, departmental electronic permitting, and Public Works. Recommendation 1 requires a contribution of \$774,764 from the Town's General Fund Stabilization account.

Recommendation 1 would fund \$1.89 million of recurring expenses with one-time funding, including transfers from the General Fund Stabilization Account, presumed transfers from the School Department Stabilization Account, and the use of certified "free cash" from previous years. These measures would result in a budget gap in FY 2023 and beyond.

Recommendation 2, with a 1.0% projected tax impact, provides an alternative with a lower tax impact that funds substantially fewer targeted service expansions, including providing \$688,000 less than requested by the School Committee, even after a draw of \$774,764 from the School Stabilization Fund, \$185,800 in cuts to other Town departments, and a higher \$906,435 draw from the General Fund Stabilization account. With specific respect to funding for the Hopkinton Public Schools, Recommendation 2 would provide \$53,278,911, from the General Fund to fund the School Committee's operating request at \$688,000 below the amount requested; but still providing a 4.0% funding increase, supported by a contribution of \$774,764 from the School Stabilization Fund. Without that contribution, Recommendation 2 will have to be adjusted to further reduce Hopkinton Public School spending correspondingly.

Recommendation 2 requires cuts to the Tree Management Program, contracted appraisal services supporting equitable property taxation, Town employee training, requested funding for Parks and Recreation facilities support, the suspension of implementation of electronic permitting services, and community event spending. It would also require increasing the contribution from the General Fund Stabilization account from \$774,764 to \$906,435 to balance the FY 2022 budget.

Because Recommendation 2 would raise less tax revenue, even after substantial cuts, it would fund \$2.03 million of recurring expenses with one-time funding, creating a somewhat larger budget gap in FY 2023 and beyond than Recommendation 1 would.

Both Recommendation 1 and Recommendation 2 propose resuming the Town capital renewal program with \$1.5 million in pay-as-you-go capital projects. Details are provided in enclosure (8).

There are an infinite number of other alternatives for balancing the budget priorities identified. Reserves could be drawn on more heavily to further ease the tax burden or expand services in FY 2022, which would create an even larger budget gap in FY 2023 and beyond. Service enhancements and existing services could be scaled back more dramatically, which would impact the citizen and student benefit. The

capital renewal program could be paused for longer, which could create cost, maintenance, and service delivery challenges. Higher property taxes could be embraced, which might be readily accepted by some residents and have a significant adverse impact on others.

It is fair to say that if one hundred people were asked for a specific answer on how to balance these competing priorities, there would be one hundred different proposals. Recommendation 1 and Recommendation 2 are the Town Manager's attempt to balance the priorities described above priorities at two different tax impact levels, as directed.

In addition to Recommendation 1 and Recommendation 2 for funding Town operations and capital renewal within the tax levy, the Town Manager recommends putting five projects forward for Town Meeting and voter consideration as excluded debt, subject to plebiscite:

<u>Project</u>	<u>Amount</u>	<u>Yr 1 Tax Impact</u>
Hopkins & Middle School Roof Replacement	\$3,000,000	0.35%
Marathon School Classroom Addition (4 Classrooms)	\$3,625,000	0.36%
School HVAC Renewal and Digital Control Upgrade	\$350,000	0.04%
Police Station Roof Replacement	\$250,000	0.03%
<u>Center School Renovation Design Study</u>	<u>\$375,000</u>	<u>0.11%</u>
Total	\$7,250,000	0.89%

If approved by Town Meeting and by voters, the tax impact of these projects would be additive to the tax impacts from Recommendations 1 or 2.

The following notes relate to General Fund Recommendation 1, with a 2.5% tax impact.

The budget includes the following amounts: Operating Departments \$75,212,309; Employee benefits and insurance, \$13,348,914; Payment of principal and interest on debt, \$7,767,670; Contributions to the OPEB Trust Fund, \$410,000; Tax lien administration costs and state funded library funding of \$69,641. Funding for COVID-19 Personal Protective Equipment, \$200,000; and Pay-As-You-Go capital articles, \$1,507,930; for a General Fund Budget of \$98,516,464.

The budget proposes transfers of \$774,464 from the General Fund Stabilization account and \$774,464 from the School Stabilization Fund to support requested spending levels. The Commonwealth of Massachusetts recommends as a guideline that Towns target a General Fund Stabilization balance of 5% of the General Fund budget. For this proposed budget, that 5% target would be \$4,826,445. After the planned withdrawal from the General Fund Stabilization account, the balance (before investment returns) would be \$3,080,925, which will be 64% of the recommended reserve level. The Town also holds a Capital Stabilization Fund with a balance of \$334,485, and the School Stabilization Fund would have a

balance (on hand and in receivables due by 06/30/2021) of \$2,531,704 after the proposed withdrawal; reflecting additional financial strength.

The General Fund Budget is supported by \$1,549,528 which is proposed to be drawn from General Fund and School Stabilization Funds, by \$2,464,031 in “free cash” certified as available from last fiscal year, and by \$94,502,905 in recurring general revenue including property taxes, excise taxes, fees, and state aid. The proposed General Fund Budget is \$4,933,769 above the FY 2021 spending level, including an expected \$2,000,000 in property tax revenue from new growth, and \$1,774,767 will come from the allowed 2.5% growth in the tax levy base.

New growth from the addition or improvement of residential, industrial, and commercial real property and business personal property is expected to be \$2,000,000, down \$135,061 from last year’s actual new growth of \$2,135,061. The amount of free cash applied for capital, reserves, and operating expenses from previous fiscal years is \$2,464,031, up \$1,036,537 from the amount applied last fiscal year. The Town’s goal is to use free cash as a supplemental source of funding for improving reserves, and \$410,000 of free cash is being recommended as a contribution to the OPEB Liability Trust Fund. Net revenue from the Commonwealth of Massachusetts as local aid is projected to be \$8,627,177. If support from the Commonwealth is materially less, additional budget adjustments will be required. Local receipts are conservatively estimated at \$3,808,347. Other available funds include ambulance receipts, and other miscellaneous sources; and that category of revenue will provide \$1,016,506, a decrease of \$74,171 arising from an increase in public safety funding from the Legacy Farms HCA, offset by a decrease in support from the Hopkinton Library Foundation following the fulfilment of a generous multi-year gift to provide \$1,000,000 for the renovation of the Library.

Changes in spending by government function categories under Recommendation 1 are as follows:

General Government	\$4,926,350	+3.16%
Municipal COVID-19 PPE	\$200,000	New Category
Public Safety	\$7,359,365	+5.51%
Education*	\$54,643,824	+5.32%
Public Works	\$6,214,621	+3.63%
Health and Human Services	\$1,213,615	+11.12%
Culture and Recreation	\$854,534	+9.47%
<u>Employee Benefits and Insurance</u>	<u>\$13,348,914</u>	<u>+5.79%</u>
Spending on Functions	\$88,761,223	+5.51%

*Includes Hopkinton Public Schools and Regional Vocational School Tuition

A detailed listing describing Recommendation 1 is presented in summary on enclosure (1), and in detail in enclosures (2), (3), and (4).

The following notes relate to General Fund Recommendation 2, with a 1.0% tax impact.

Recommendation 2, with a 1.0% tax impact is a variation of recommendation 1 with the following differences:

- FY 2021 service levels are preserved in both recommendations
- Recommendation 1 provides for more services enhancement to accommodate community growth and demands than recommendation 2 does; specifically funding for the Hopkinton Public School request for growth related program enhancements are funded \$688,000 below the level in recommendation 1; and \$185,800 in other departmental growth requests
- The amount to be raised from property taxes is \$1,005,471 lower under recommendation 2 than under recommendation 1
- The amount proposed to be drawn from the General Fund Stabilization account under recommendation 2 is \$906,435, which is higher than the \$774,764 proposed to be drawn from the General Fund Stabilization under recommendation 1
- The resumption of the capital renewal program is the same in Recommendation 2 as in Recommendation 1

Changes in spending by government function categories under Recommendation 2 are as follows:

General Government	\$4,845,550	+1.47%
Municipal COVID-19 PPE	\$200,000	New Category
Public Safety	\$7,359,365	+5.51%
Education*	\$53,955,824	+3.99%
Public Works	\$6,124,621	+2.12%
Health and Human Services	\$1,213,615	+11.12%
Culture and Recreation	\$839,534	+7.55%
<u>Employee Benefits and Insurance</u>	<u>\$13,348,914</u>	<u>+5.79%</u>
Spending on Functions	\$87,887,423	+4.48%

*Includes Hopkinton Public Schools and Regional Vocational School Tuition

A detailed listing describing Recommendation 2 is presented in summary on enclosure (1), and in detail in enclosures (5), (6), and (7).

The following notes relate to accounts outside the General Fund:

The Community Preservation Funds from statutory surcharges on property taxes projected at \$1,346,119, of which \$1,146,119 is projected from property tax bills and \$300,000 from State matching funds support. The state match in FY2021 was \$334,847 and received in December 2020. The Community Preservation Funds budget includes pay-as-you-go capital improvements at \$657,000; with the following balances:

Historic Resources	\$466,387
Community Housing	\$856,372
Open Space	\$1,024,575
Recreation	\$772,032
<u>Undesignated</u>	<u>\$2,691,643</u>
Total	\$5,811,009

Enterprise revenues are projected as follows:

Water Enterprise	\$2,486,862
Sewer Enterprise	\$2,388,848

As the budget review progresses, I will continue to monitor and report to the Board on the refinement of current estimates involving one-time and recurring sources of revenue, projected expense amounts, new growth estimates, snow and ice removal expenses, and the status of the tax overlay account.

As in past years, I would like to remind senior citizens of the Town's Senior Citizen Tax Relief program. Program information is available from the Assessor's Office in Town Hall, by phone, or on the Town website.

Finally, I would like to thank Town Hall Staff, Department Heads, and Town Boards, Commissions, and Committees for their collaborative effort and continued support in bringing these two budget recommendations to this point for consideration. The "One Town, One Solution" approach will continue to guide the ongoing dialogue involving Town residents for the further refinement of the budget leading up to the 2021 Annual Town Meeting.

General Fund Sources and Uses of Funds - Streamlined View

Sources of Funds	FY21 Sources of Funds	FY22 Estimated Sources of Funds	% Chg. FY21 - FY22	Tax impact
Levy Base	\$68,844,684	\$72,765,443	5.7%	2.31%
New Growth	\$2,135,061	\$2,000,000	-6.3%	2.60%
Debt Exclusions	\$5,938,971	\$6,367,657	7.2%	0.56%
Less - Provision for tax abatements/exemptions	<u>-\$500,000</u>	<u>-\$500,000</u>	<u>0.0%</u>	
Estimated Net Property Tax Revenue	\$76,418,716	\$80,633,100	5.5%	5.46%
Excess from Prior Fiscal Year (Cert. Free Cash)	\$1,427,494	\$2,645,278	85.3%	
State Aid	\$8,603,524	\$9,427,975	9.6%	
Less - Regional and State Program Charges	<u>-\$581,354</u>	<u>-\$472,521</u>	<u>-18.7%</u>	
Estimated Net State Aid	\$8,022,170	\$8,955,454	11.6%	
Mass School Building Authority Reimbursement	\$1,487,086	\$0	-100.0%	
Excise Tax, Licenses, other Local Receipts	\$4,474,374	\$4,595,805	2.7%	
Cost Share from Enterprise Funds	\$662,178	\$698,595	5.5%	
Ambulance, Library Foundation, misc. sources	\$1,090,677	\$1,196,506	9.7%	
Transfer from General Stabilization	\$0	\$0	n/a	
Transfer from School Stabilization	\$0	\$0	n/a	
Total Sources of Funds:	\$93,582,695	\$98,724,738	5.5%	
Uses of Funds	FY21 Budgeted Uses of Funds	FY22 Estimated Uses of Funds	% Chg. FY21 - FY22	
Tax lien administration costs	\$50,000	\$50,000	0.0%	
State funded Library spending	\$18,900	\$28,736	52.0%	
Repayment of Debt Principal and Interest	\$8,991,366	\$7,532,399	-16.2%	
Deficits and Judgments	\$0	\$0	0.0%	
Snow and Ice Surge Costs	\$0	\$0	0.0%	
General Government	\$4,775,461	\$4,875,550	2.1%	

General Government - Municipal COVID-19 PPE	\$0	\$0	n/a	
Public Safety	\$6,975,145	\$7,359,365	5.5%	
Regional Technical Vocational School	\$676,913	\$597,379	-11.7%	
Education	\$51,206,402	\$53,966,911	5.4%	
Public Works	\$5,997,212	\$6,214,621	3.6%	
Health and Human Services	\$1,092,214	\$1,239,862	13.5%	
Culture and Recreation	\$780,612	\$854,534	9.5%	
Employee Benefits and Insurance	\$12,618,470	\$13,752,451	9.0%	
Transfer to OPEB (post-retirement health care)	\$400,000	\$410,000	2.5%	
Transfer to Stabilization	\$0	\$0	0.0%	
Town Meeting Capital Articles, free cash	\$0	\$1,842,930	n/a	
Total Uses of Funds:	\$93,582,695	\$98,724,738	5.5%	

Projected revenues for FY 2022 are budgeted conservatively. Net property tax receipts are projected to increase by \$4,203,453, with \$2,000,000 of that amount coming from new growth mostly tied to new residential construction, \$1,774,267 from the tax increased allowed under Proposition 2-½, and reflecting a net increase in debt payments excluded from the proposition 2-½ limits of \$428,686, subject to voter approval after Town Meeting approval. Overall, property taxes account for 83% of Town operating revenue; with 84.2% of property tax revenue coming from residential property, 7.2% from industrial property, 4.0% from commercial property, and 4.6% from taxable business personal property.

State Aid, net of charges for State and regional programs, is projected to increase by \$933,284 or 11.6%, based on the latest information from the State budget process. Local receipts are expected to increase by 2.7%, showing some recovery from the recessionary impacts of the COVID-19 Public Health Emergency. The appropriation from free cash supports a transfer to the OPEB Trust Fund for post-employment retiree health care costs, and supports other recurring operating costs. Other Sources of Funds include Ambulance Receipts Reserved, repayment of Title V septic system loans, enterprise indirect costs, and bond premiums.

Debt service is decreasing from 9.6% of General Fund spending in FY 2021 to 7.6% of General Fund spending in FY 2022, with a net fall in General Fund debt service of \$1,458,967; however, last year's baseline included school debt of \$1.5 million that was paid by the Massachusetts School Building Authority for Town costs, so the Town's cost of debt is actually about level. A long term review of debt service projections through 2050 is included later in this report.

The most significant other changes in spending for FY 2022 include a \$2.8 million, 5.4% increase in Education spending for the Hopkinton Public Schools; a \$548,609 (6.4%) increase in the cost health insurance for existing employees and retirees and new hires in the budget proposal; and a \$423,587 (17.0%) increase in the employee pension costs arising from a biennial review of staffing levels, investment returns, and demographic actuarial assumptions.

Forecasting Model

The table on this page and the next provides both historical and predictive estimates of the next three years based on expense forecasts by Municipal and School departments, as well as reasonably expected percentage increases for some of the line items based on past performance.

	FY21 Enacted	FY22 Plan	% Change	FY23 Forecast	FY24 Forecast	FY25 Forecast
Levy Base	\$67,165,545	\$70,990,676		\$74,765,443	\$78,394,579	\$81,903,243
Amended prior year growth	\$0					
2 1/2% increase	\$1,690,070	\$1,774,767	2.5%	\$1,869,136	\$1,959,864	\$2,047,581
New Growth	\$2,135,061	\$2,000,000		\$1,760,000	\$1,548,800	\$1,362,944
Overrides/(Underrides)				\$0	\$0	\$0
Debt Exclusions	\$5,938,971	\$6,367,657		\$6,065,308	\$5,788,155	\$5,433,054
Unused Levy						
Net Tax Levy	\$76,929,647	\$81,133,100		\$84,459,887	\$87,691,398	\$90,746,822
Cherry Sheet Receipts	\$8,603,524	\$9,427,975		\$9,427,975	\$9,427,975	\$9,427,975
MSBA Reimbursements	\$1,487,086	\$0		\$0	\$0	\$0
Local Receipts	\$4,474,374	\$4,595,805		\$4,779,637	\$4,970,823	\$5,169,656
Subtotal, Revenues	\$91,494,631	\$95,156,880		\$98,667,499	\$102,090,196	\$105,344,453
Add: Additional Sources						
Free Cash - operating	\$1,029,205	\$692,348		\$0	\$0	\$0
Free Cash - capital/other	\$393,679	\$1,952,930		\$1,861,510	\$1,741,998	\$1,628,462
Enterprise - Indirect Costs	\$662,178	\$698,595		\$716,060	\$733,961	\$752,310
Overlay Surplus	\$0					
General Stabilization Fund	\$0	\$0		\$0	\$0	\$0
School Stabilization Fund		\$0				
Other	\$1,084,356	\$1,190,185		\$1,076,640	\$894,185	\$891,377
Unused Capital Balances		\$6,321		\$25,000	\$25,000	\$25,000
Subtotal	\$3,169,418	\$4,540,379		\$3,679,210	\$3,395,145	\$3,297,149

Less:						
Prov for Abate/Exemp	-\$500,000	-\$500,000		-\$500,000	-\$500,000	-\$500,000
Cherry sheet offsets	-\$18,900	-\$28,736		-\$29,862	-\$31,033	-\$32,250
Snow & Ice	\$0	\$0		\$0	\$0	\$0
Cherry Sheet charges	-\$581,354	-\$472,521		-\$472,521	-\$472,521	-\$472,521
Tax title	-\$50,000	-\$50,000		-\$50,000	-\$50,000	-\$50,000
Deficits & Judgements	\$0	\$0		\$0	\$0	\$0
Debt Service	-\$8,991,366	-\$7,532,399		-\$7,120,545	-\$6,691,821	-\$6,211,536
Parks Enterprise Subsidy	\$0	\$0		\$0	\$0	\$0
Other	\$0	\$0		\$0	\$0	\$0
Subtotal	-\$10,141,620	-\$8,583,656		-\$8,172,928	-\$7,745,375	-\$7,266,307
Net Sources avail. for Approp	\$84,522,429	\$91,113,603		\$94,173,781	\$97,739,966	\$101,375,296
Expenditures By Category:	FY21 Enacted	FY22 Plan	% Change	FY23 Forecast	FY24 Forecast	FY25 Forecast
General Government	\$4,775,461	\$4,875,550	2.1%	\$5,046,194	\$5,222,811	\$5,405,609
Municipal COVID-19 PPE	\$0	\$0	0.0%	\$0	\$0	\$0
Public Safety	\$6,975,145	\$7,359,365	5.5%	\$7,616,943	\$7,883,536	\$8,159,460
Education	\$51,883,315	\$54,564,290	5.2%	\$57,292,505	\$60,157,130	\$63,164,986
Public Works	\$5,997,212	\$6,214,621	3.6%	\$6,432,133	\$6,657,257	\$6,890,261
Human Services	\$1,092,214	\$1,239,862	13.5%	\$1,283,257	\$1,328,171	\$1,374,657
Culture & Recreation	\$780,612	\$854,534	9.5%	\$884,443	\$915,398	\$947,437
Employee Benefits & Insurance	\$12,618,470	\$13,752,451	9.0%	\$15,051,594	\$16,255,721	\$17,556,179
Subtotal, Omnibus Budget	\$84,122,429	\$88,860,673		\$93,607,068	\$98,420,024	\$103,498,590
Articles - non-capital						
Articles - capital	\$0	\$1,842,930		\$1,800,000	\$1,800,000	\$1,800,000
Transfer to Stabilization Fund(s)	\$0	\$0		\$208,000	\$213,200	\$218,530
Transfer to OPEB Trust	\$400,000	\$410,000		\$420,250	\$430,756	\$441,525
Total Expenditures	\$84,522,429	\$91,113,603		\$96,035,318	\$100,863,981	\$105,958,645
Surplus (Shortfall)	\$0	\$0		-\$1,861,537	-\$3,124,015	-\$4,583,349

Tax Impact

An individual property tax bill is impacted by three factors: 1) the assessed value of the individual property, 2) the total assessed value of all property within the Town, and 3) the budget passed by the Town meeting; in this relationship:

$$\frac{\text{Assessed value of individual property}}{\text{Assessed value of all property in Town}} \times \text{Amount to be raised from property tax} = \text{Individual property tax}$$

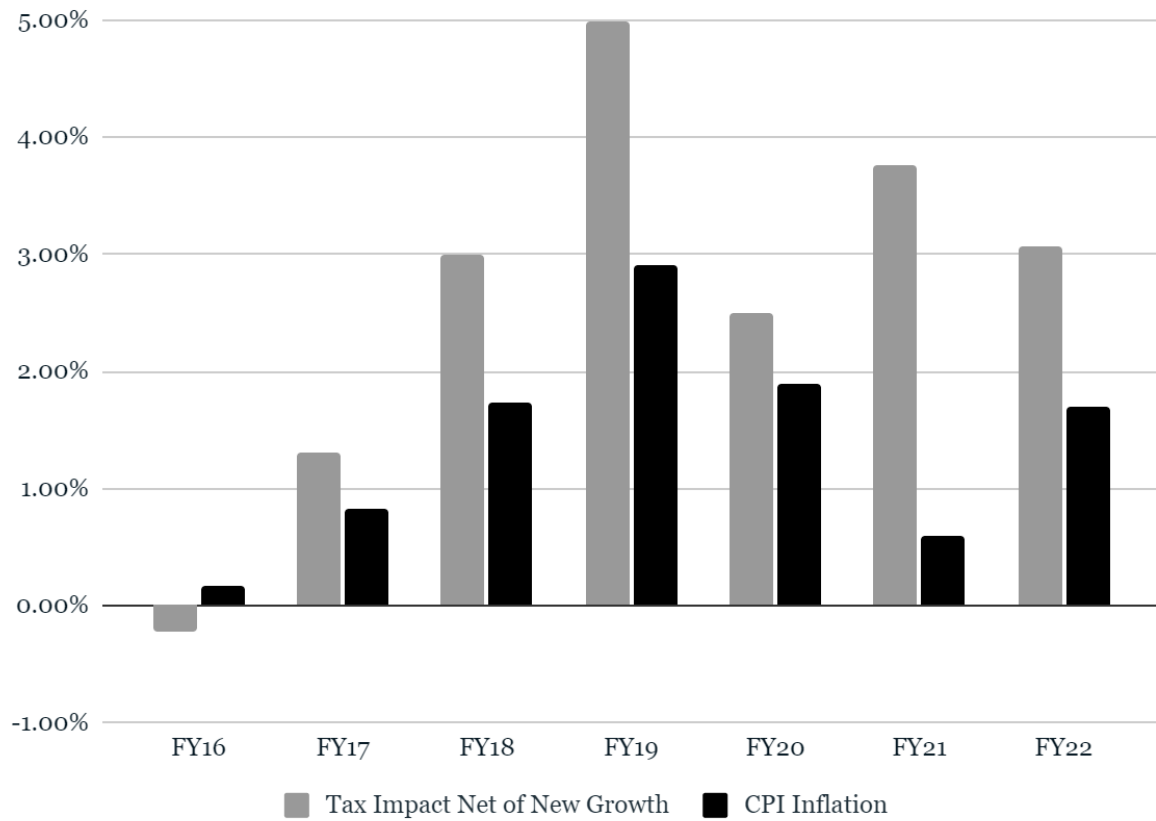
By the formula, each taxpayer is billed for a share of the total amount to be raised from property tax based on the proportion of the Town's total pool of taxable property that they own. Three specific things impact a tax bill: 1) whether the taxpayer owns property with a higher or lower assessed value; whether the value of all the property in Town is growing or shrinking, which impacts the share or proportion of tax that each individual property owner is responsible for; and, 3) the amount of funding that the Town Meeting decides to raise from property taxes.

Across all tax bills, the average tax impact on existing property for FY 2022 will be 2.86% if all proposed excluded debt is approved by voters. Individual tax bills will change by more or less than 2.86% based on individual property value; and specific traceable value changes will result from additions, improvements or neighborhood market and sales events.

Town of Hopkinton; Projected Tax Impact, FY 2022				
<u>Overall Tax Impact Summary:</u>	FY21	Tax Impact % Change from FY20	FY22	Tax Impact % Change from FY21
Prior Year Unused Levy	\$341,876	0.47%	\$0	0.00%
Statutory 2 1/2% Levy Increase	\$1,679,139	2.33%	\$1,774,767	2.31%
Override/(Underride)	\$0	0.00%	\$0	0.00%
Unused Levy	\$0	0.00%	\$0	0.00%
Net Change in Principal & Int. on Excluded Debt	\$688,908	0.96%	\$428,686	0.56%
Change in Tax Levy on Existing Tax Base	\$2,709,923	3.76%	\$2,203,453	2.86%
Additional Projected Tax Levy from New Growth	\$1,900,000	2.64%	\$2,000,000	2.60%
New Growth Adjustment (Fall 2021)	\$235,061	0.33%	N/A	N/A
Total Increase in Tax Levy	\$4,844,984	6.73%	\$4,203,453	5.46%

Tax Impact vs. Inflation

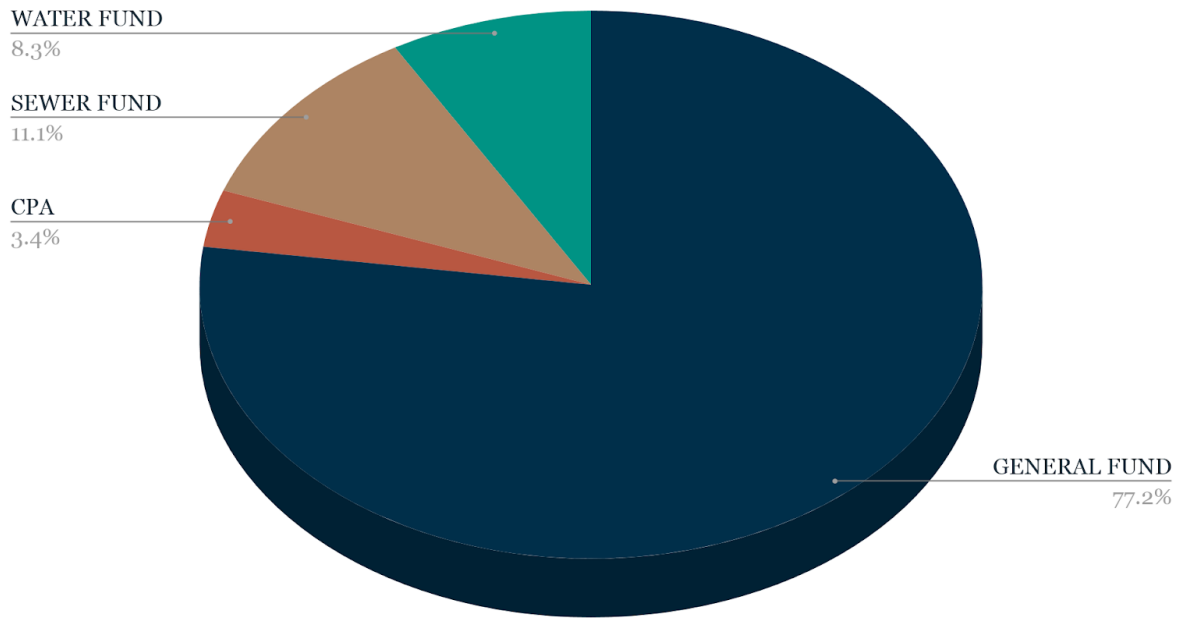
Tax Impact vs. Inflation



CPI Inflation for FY 2022 is based on the most recent 12 month rolling data published by the U. S. Department of Labor, Bureau of Labor Statistics.

Long Term Debt Service

Fiscal Year 2022

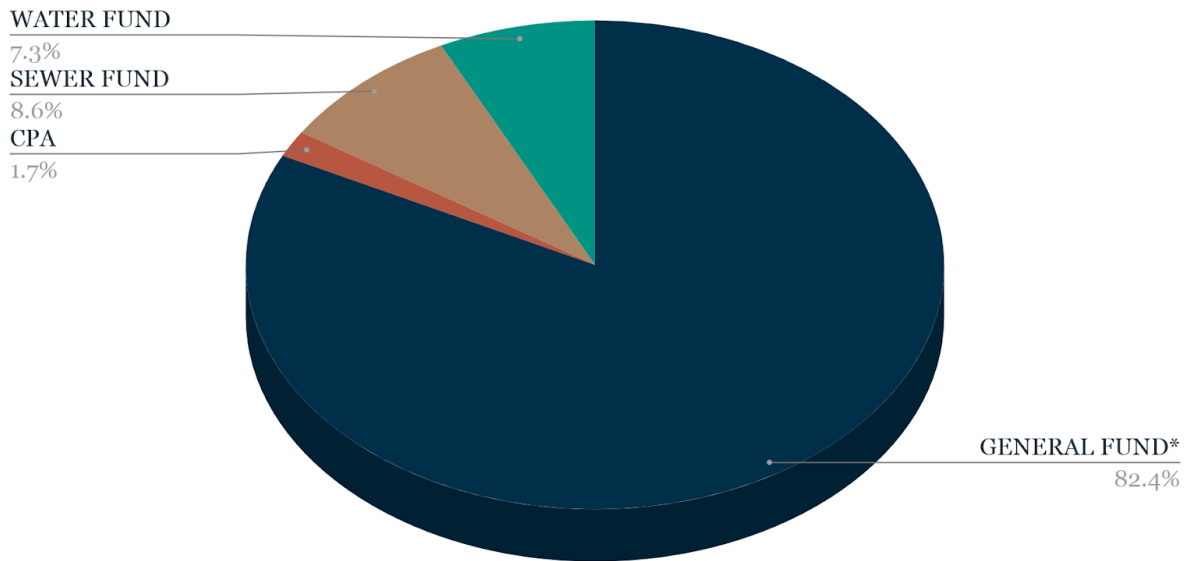


FUND	FY2022 DEBT PRINCIPAL & INTEREST PAYMENTS
GENERAL FUND	\$6,913,037
CPA	\$301,619
SEWER FUND	\$990,445
WATER FUND	\$747,363
TOTAL	\$8,952,463

This chart represents the sum of all annual debt service the Town is obligated to pay for all outstanding bonds. See Appendix B for a detailed breakout of the Debt Service by Fund for currently issued debt by project. The General Fund assumed responsibility for Parks & Recreation (Sandy Beach) debt in this budget cycle.

Long Term Debt Outstanding

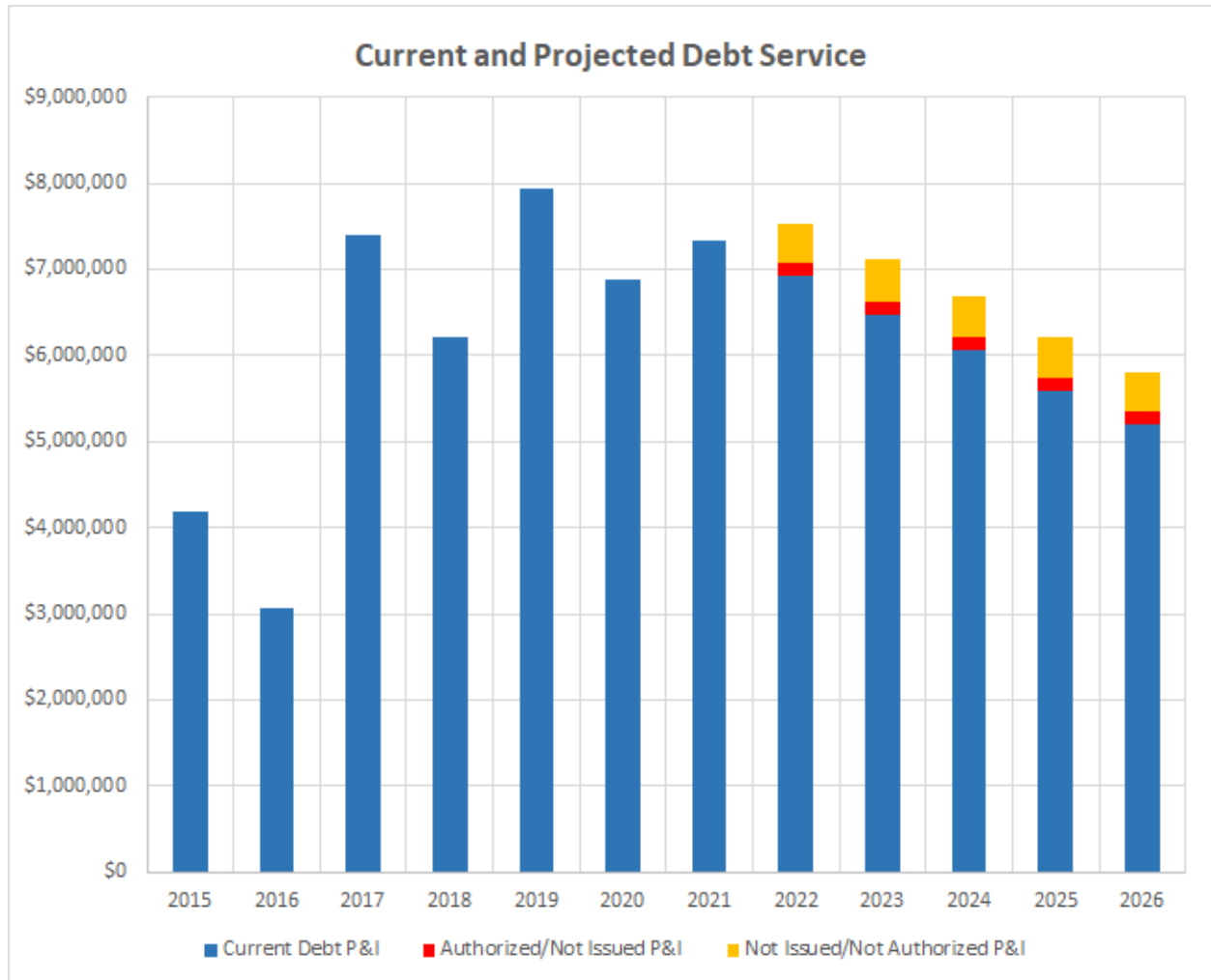
Fiscal Year 2022



FUND	TOTAL LONG TERM DEBT & INTEREST OUTSTANDING
GENERAL FUND*	\$86,575,862
CPA	\$1,818,431
SEWER FUND	\$8,998,555
WATER FUND	\$7,590,945
TOTAL	\$104,983,794

The General Fund assumed responsibility for Parks & Recreation (Sandy Beach) debt in this budget cycle.

Historical and Anticipated Debt Service - General Fund

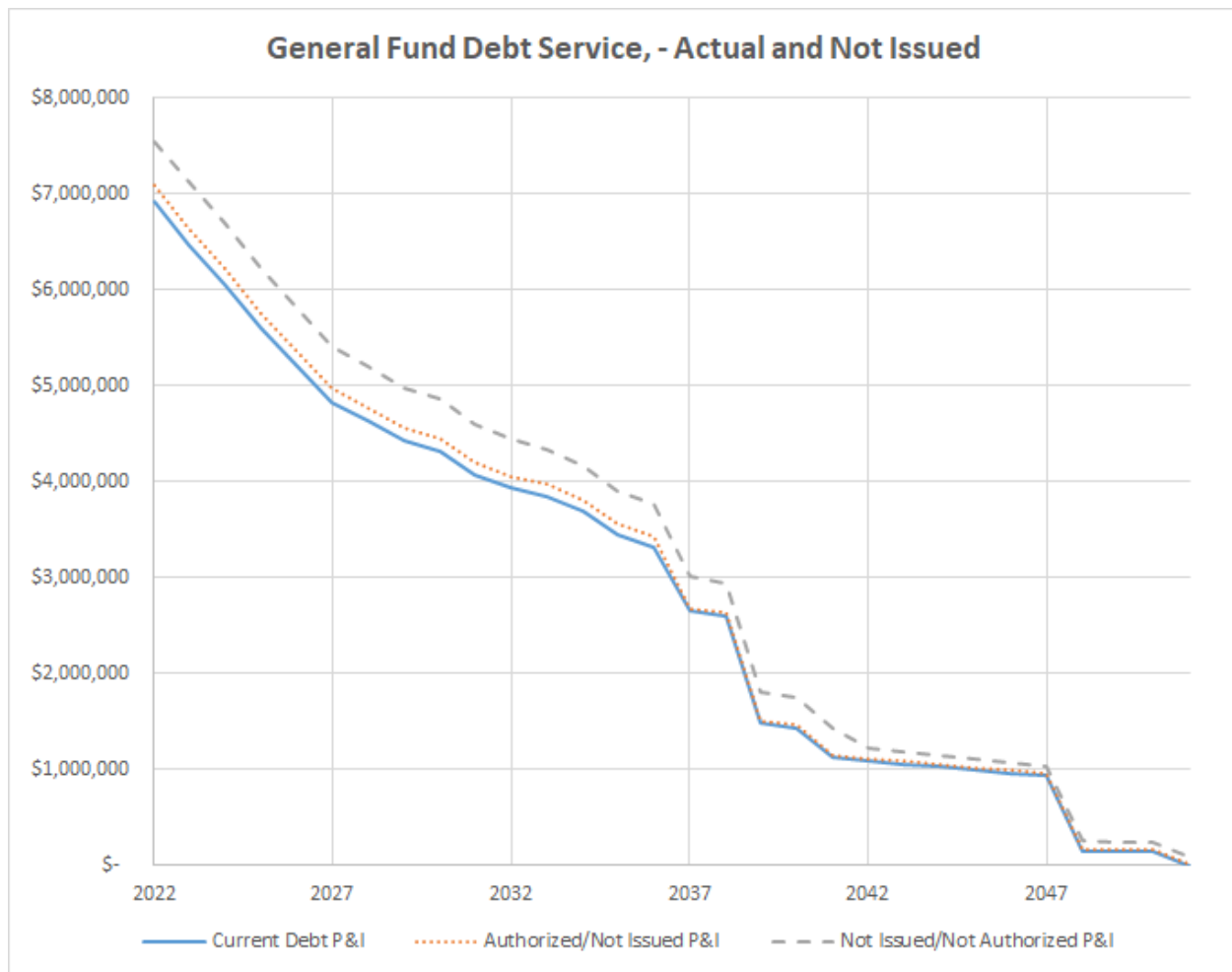


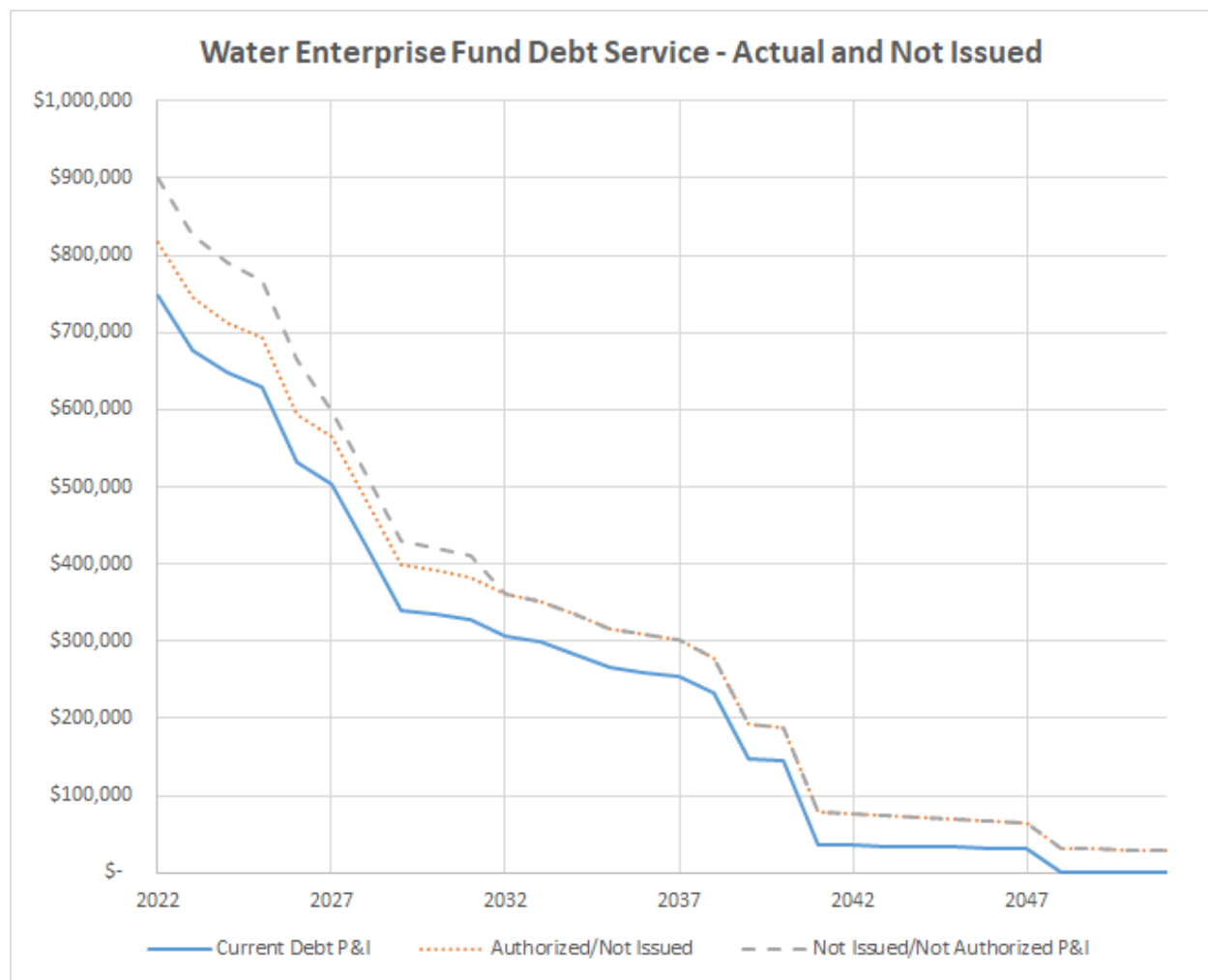
This graph represents the debt service for the General Fund, including existing borrowings, borrowings that have been approved by Town Meeting but not yet issued, and borrowings not yet approved and proposed for borrowing in FY 2022. Years before FY 2022 exclude approximately \$1.5 million in debt expenses that were covered by the Massachusetts School Building Authority

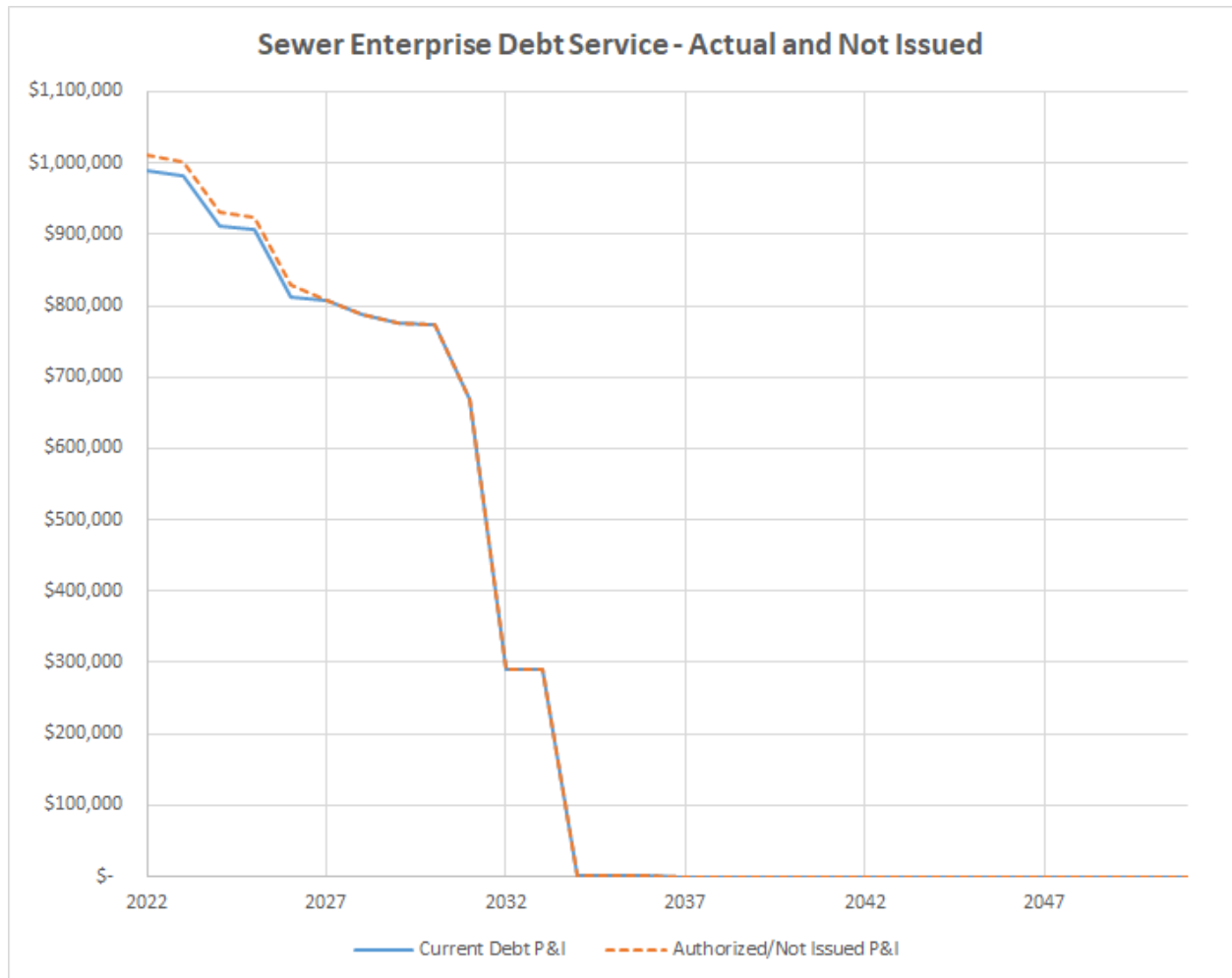
See Appendix B for a project breakout of the General Fund Debt Service for currently issued debt.

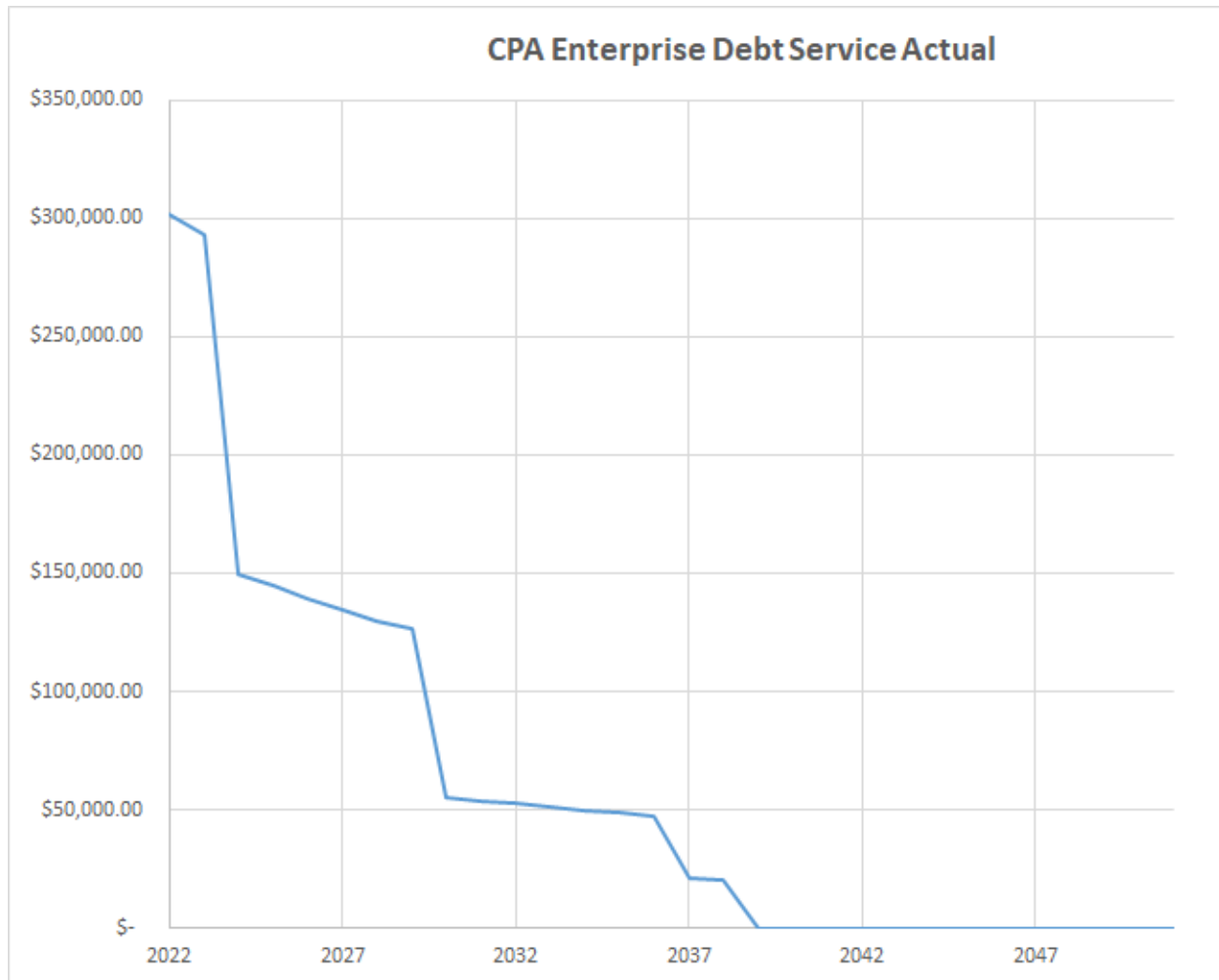
Long Term Debt Service Fiscal Year 2022 and Beyond

The following charts represent the Town's annual debt service obligations, on a fund by fund basis. The current debt that has been issued is shown as a solid dark line. Any debt authorized at previous Town Meetings but not yet issued is shown as a dotted line, and any debt proposed for FY22 but not yet approved is shown as a dashed line. This presentation is intended to give a consolidated picture of the debt level the Town will have in each fund after all currently authorized projects are initiated.









Trust Funds

OPEB Liability Trust Fund

Other Post-Employment Benefits (OPEB) refers to post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription, or other health care benefits provided to eligible retirees, and in some cases their beneficiaries. OPEB is part of the compensation that employees earn each year, even though these benefits are not received until after employment has ended. Therefore, as benefits accrue, they are treated as a cost of providing public services today, and are presented that way on the Town's accounting statements.

Most governments report their cash outlays for OPEB in the year of actual distribution, rather than in the year benefits are earned. The amount paid out in a given year is typically different

from the new benefit earned by employees and the accumulated difference between the two numbers builds an unfunded liability. Governmental Accounting Standards Board (GASB) Statement 45 now requires municipalities to disclose the unfunded liability as part of their financial statements, and the Town of Hopkinton does so. Municipalities are required to update an actuarial analysis of the liability every other year; and while there is not yet a requirement to fund the liability, Hopkinton has prudently elected to begin doing so.

In 2012, the Town established the OPEB Trust Fund through a special act and began funding it in FY 2014, with the idea of accumulating funds as benefits are earned. OPEB Actuarial Valuation Reports have been completed and updated periodically, with the last update reflecting the liability for benefits earned as of June 30, 2020 in the amount of \$27,117,158. As of March 31, 2021, Hopkinton's OPEB Liability Trust Fund had a reported balance of \$4,016,782 for a funding level of 14.81% of the liability.

The OPEB Liability Trust Fund serves a very long term need, so unlike most of the Town's other investments, liquidity or ready access to the funds is a less dominant concern than good long term returns on the investments. Therefore, the OPEB Liability Trust Fund is invested under the most aggressive investment posture of any of the Town's financial assets, with a portfolio weighted to a majority proportion of common stocks, as follows:

Domestic Common Stock	35.51%
International Common Stock	18.48%
Alternative (e.g. Hedge)	11.13%
Fixed Income	34.50%
Cash Equivalents	0.38%

This allocation of the invested portfolio is designed to capture gains over the long run as stocks have traditionally gained, while moderating risk somewhat by retaining some less volatile, lower-return investments in the portfolio.

The FY 2022 budget proposed to the Town Meeting contains an additional contribution to the Trust Fund of \$410,000. While this is a positive step, and is beyond what is currently required by law, it is noteworthy that the actuary retained by the Town has determined that the current contribution level of \$410,000 for FY 2022, escalated by 2.5% per year, would result in full funding of the liability in 2050.

Other Trust Funds and Deposits under Town Management

The Town manages the flow of tens of millions of dollars in receipts and expenditures over the course of a year, with receipts clustered around tax collection dates and expenditures spread evenly throughout the year. Investment and deposit alternatives balance safety of invested funds, liquidity or ready availability of invested funds, and return on investment. For operating funds, safety and liquidity are of paramount importance, and the Town Treasurer invests operating funds in interest bearing, highly stable, short-term deposit accounts including the Massachusetts Municipal Depository Trust and commercial financial institutions to achieve some return on investment while maintaining maximum security and liquidity.

Trust Funds which are typically not expected to be used during a fiscal year are often invested in a broader mix of financial products with the intention of maintaining substantial security and liquidity, while also trying to achieve a higher rate of return on funds held for longer periods as a way to preserve value against inflation over time. As of March 31, 2021, the Town had \$2,816,781 million in trust fund assets invested in accordance with the statutorily defined Massachusetts “legal list” of authorized investments with the following portfolio weighting:

Common Stock:	30.23%
International Common Stock:	1.33%
Fixed Income:	61.91%
Cash and Equivalents:	6.53%

An asset allocation strategy with a 30% weighting on common stock seeks to capture a moderate amount of benefit of the overall long-term rise of stocks, while preserving a majority of the portfolio in safer investments allocated in short-term CD’s, agencies, corporate, and treasury bonds. This is a lower-level risk strategy with corresponding expectations of lower returns; preserving a focus on safety and liquidity while trying to achieve some market return to protect against inflation.

The Town has established Stabilization Trust Funds to serve as financial reserves for the General Fund activities, School stabilization, and capital spending; as allowed by Massachusetts General Laws chapter 40, section 5B, as accepted by the Hopkinton Town Meeting. Prior to COVID-19, the suggested best practice target for operating stabilization funds is 5% of the prior year operating budget, which for Hopkinton would be \$4.9 million. As of March 31, 2021 the general Stabilization Trust Fund had a balance of \$3,897,555, and the Capital Stabilization Fund had a balance of \$338,205. The School Stabilization Fund has a March 31, 2021 balance of \$2,128,997 with an additional \$1,953,050 receivable by 12/31/2021. During FY20 the Stabilization accounts were segregated into an even more conservative investment profile and

invested in accordance with the statutorily defined Massachusetts “legal list” of authorized investments with the following portfolio weighting:

Common Stock:	12.42%
International Common Stock:	0.19%
Fixed Income:	76.30%
Cash and Equivalents:	11.08%

An asset allocation strategy with a 12% weighting on common stock seeks to preserve the majority of the portfolio in safer investments in order to ensure the availability of these assets should the Town need to draw upon them in times of uncertainty.

Public Employees Retirement System Participation

The Town of Hopkinton is a participant in the Middlesex County Retirement System. Originally created by an Act of the Legislature in 1911, the Middlesex County Retirement System is the fourth largest of the 104 retirement systems in the Commonwealth, providing retirement, disability and survivor benefits to approximately 5,000 retirees and 10,000 active employees of 31 Towns and 39 Districts and Authorities within Middlesex County.

Hopkinton currently has 166 retirees in the system, and 345 active enrolled participants. In a substantial financial benefit to cities and towns, the Commonwealth assumed responsibility for teacher pensions, so the Town liability excludes teacher pension costs. The latest report on the system, based on valuation information as of January 1, 2021, shows that current and former employees have earned benefits with an estimated present value of \$77,788,522 while net assets in the plan to cover those future costs are \$50,770,346, with a total unfunded liability of \$27,579,300. As of December 31, 2018, the last periodic report issued, the Town’s unfunded liability as reported in audited financial statements was \$25,369,330.

The current funding ratio for Hopkinton’s pension account is 65% of the computed liability. As benchmarks, research by The Pew Charitable Trust indicates that the average pension liability level for U.S. state systems is 66%, while the 2019 National Conference on Public Employee Retirement Systems Public Retirement Systems Study showed that the average state and local pension funding ratio for all plans that responded was 72.6% in 2018. The Town of Hopkinton is making periodic required payments based on an actuarial determination of contributions needed to eliminate the unfunded liability by June 30, 2037 .

Function and Department Overview

General Government

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$2,552,392	\$2,626,837	\$74,445	2.9%
Expenses	\$1,200,213	\$1,271,213	\$71,000	5.9%
Compensation Contingency	\$325,000	\$325,000	\$0	0.0%
Transfer to Water Enterprise for Fire Protection/Hydrant Use	\$297,856	\$247,500	-\$50,356	-16.9%
Appropriation Reserve Fund	\$125,000	\$125,000	\$0	0.0%
Legal Counsel	\$275,000	\$280,000	\$5,000	1.8%
Total	\$4,775,461	\$4,875,550	\$100,089	2.1%

General Government includes the following entities, departments, and functions, and full time paid staff:

Select Board (0)	Town Manager (3)	Appropriation Committee (0)
Finance (8)	Accounting/Grants & Procurement (3)	Town Hall Facilities (0)
Cable Committee (0)	Human Resources (3)	Information Technology (2)
Town Clerk (2)	Land Use, Planning, Permitting (8)	Fire Hydrant Program (0)
Elections & Registration (0)	Green Committee (0)	Reporting & Auditing (0)
Open Space Committee (0)	Upper Charles Trail Committee (0)	

This budget category supports centralized functions and services for the Town including policy, direction, and public engagement for the Town as an enterprise; centralized management of the financial resource cycle including planning, borrowing, investing, tax administration and collections, disbursement, auditing, and financial reporting; centralized personnel management including recruitment, workforce compensation management, workforce and retiree benefits management, performance and discipline management, training and staff development; legal and collective bargaining support; centralized information technology systems and services; election and vital records management; and centralized management and community oversight of policy and regulatory activities involving land use.

The Town of Hopkinton is committed to a high performance culture, in which spending is continuously evaluated in the context of the value delivered to the community.

Public Safety

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$6,475,009	\$6,833,197	\$358,188	5.5%
Expenses	\$497,136	\$523,168	\$26,032	5.2%
Auxiliary Police Expenses	\$3,000	\$3,000	\$0	0.0%
Total	\$6,975,145	\$7,359,365	\$384,220	5.5%

Public Safety General Government includes the following entities, departments, and functions, and full time paid staff:

Police Department (28)
Animal Control (0)

Fire Department (32)
Sealer of Weights & Measures (0)

Communications Center (9)

Hopkinton Police Department: The members of the Hopkinton Police Department are committed to strengthening the partnership between the Department and the community; guided by constitutional, professional and community standards while striving to provide the highest level of public safety; valuing honesty, excellence, tolerance, compassion and fairness. Police activities include a continuous patrol and response presence, a school presence through School Resource Officers, a detective division to manage investigation and prosecution, a newly launched K9 program, an in-town detention program, a community crime prevention program, and an internal training program geared toward normal operations and incident response.

Police highlights in the FY 2022 budget include the addition of one officer to be funded in the initial year by a Host Community Agreement.

Hopkinton Communications Department: The Hopkinton Communications Center is the information hub for the Town and manages both 911/Emergency and non-emergency calls for service. Additionally, Communication Center staff coordinate all public safety responses. The Department also monitors video surveillance of key public spaces and supports the public access window for the Hopkinton Police Department.

Communications Department highlights in the FY 2022 budget include negotiated collective bargaining agreement salary adjustments and contracted support for the VHF radio towers serving Police, Fire, and DPW.

Hopkinton Fire Department: The Hopkinton Fire Department works to preserve life and property from fire, medical and other emergencies; through the rapid response of professionally trained personnel, effective code enforcement, and quality community engagement. Fire Department activities include effective and timely response of trained people and equipment to fire, medical, and hazardous event emergencies; as well as fire safety inspection and education activities. The Fire Department serves a 28 square mile area, which includes residential areas outside the water service zone. Fire Department highlights in the FY 2022 budget are oriented to sustainment of services.

Education

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Hopkinton Public Schools	\$51,206,402	\$53,966,911	\$2,760,509	5.4%
Regional Technical School	\$676,913	\$597,379	-\$79,534	-11.7%
Total	\$51,883,315	\$54,564,290	\$2,680,975	5.2%

The Hopkinton Public Schools and the Regional Technical School budgets are developed independently. This page is presented for informational purposes to support a budget document that depicts the total appropriation requests to be considered at the Annual Town Meeting.

Hopkinton Public Schools Full Time Equivalent Positions:

District/Building Administration (23)	High School (123)	Middle School (87)
Hopkins (63)	Marathon (70)	Elmwood (64)
Preschool (17)	SPED System (4)	Buildings & Grounds (31)
Food Service (1)	ESOL System (9)	Technology (8)
Support Staff (24)		

Hopkinton Public Schools continuously strives to provide exceptional programming in academic and extracurricular activities, with a focus on nurturing student talent and meeting individual needs. Key priorities include advancing learning for all; fostering diverse pathways for success; investing in physical, social and emotional well-being; fostering student self-advocacy; inspiring a passion for learning; building habits for success; all while honoring and advancing diversity. The five schools in the system along with Keefe Technical School, Norfolk Agricultural School, and Public Charter Schools currently serve 4,021 students. The Hopkinton Public Schools are consistently ranked among the best public schools in Massachusetts and nationally. Rapid growth in student enrollment continues to be the single most significant factor in managing Hopkinton's high quality school system.

The Hopkinton Public Schools FY 2022 budget continues to focus on managing growth in student enrollment. Specific increases include payment for collective bargaining agreement salary increases, additional classroom teachers, and Special Education paraprofessionals.

Joseph P. Keefe Regional Technical School: The Joseph P. Keefe Regional Technical School (Framingham) provides educational services for Hopkinton's high school students who seek vocational education, which is not offered at Hopkinton High School. Keefe Regional Technical School provides an integrated academic and career/technical education with a focus on higher order reasoning, problem solving skills, work attitudes, general employability skills, modern technology applications, and the occupational specific skills necessary for economic independence as a productive and contributing member of society.

Hopkinton's assessment is based on a base contribution determined by the State through a wealth and use index under the Education Reform Act of 1993; and an additional assessment based solely on enrollment. Hopkinton is budgeting for a contribution level based on 26 students, down from 31 in FY21.

Public Works

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$1,678,364	\$1,737,825	\$59,461	3.5%
Expenses	\$3,968,848	\$4,126,796	\$157,948	4.0%
Snow & Ice Control	\$350,000	\$350,000	\$0	0.0%
Total	\$5,997,212	\$6,214,621	\$217,409	3.6%

Public Works consists of the Department of Public Works and the Town Engineering/Facilities Department. Full time paid employees:

Public Works Administration (5)	Highway Division (14)	Water Division (6)*
Sewer Division (2)*	Town Engineer-Facilities (4)	Solid Waste/Recycling (0)
Cemeteries and Parks (0)	Tree Warden (0)	

* Sewer and Water Enterprise Fund information provided separately

Department of Public Works: The Department of Public Works (DPW) serves residents and visitors on a daily basis by providing an array of necessary services. The DPW maintains Town roads and sidewalks; ensures necessary signage, traffic lights and striping is maintained; removes

snow and ice to ensure safe commuting in the winter; and surface renewal of Town roads. The Department also supervises the Sewer and Water Enterprise Funds, which provide clean, potable water for drinking, cooking and commercial/industrial uses covering 65% of the Town, and for the collection and treatment of sewage covering 40% of the Town to help protect public health; collection of household trash and recyclables and ensures their proper disposal and recycling; maintenance of parks and fields for public enjoyment; maintenance of public cemeteries and burial services; and maintenance of public shade trees.

Department of Public Works highlights in the FY 2022 budget include negotiated collective bargaining agreement salary adjustments and an increase of \$100,000 for the Tree Warden's program.

Engineering/Facilities: The Engineering/Facilities Department mission is to provide leadership on all Town capital design and construction projects as well as providing engineering and facilities support to all other Town Departments. The Department has been leading the effort developing the Town Geographic Information System program along with the IT Department, as well as managing Town building energy use, meeting Green Community requirements, providing engineering assistance as requested, maintaining Town facilities and ensuring that Town public spaces provide a safe and healthy environment for the public and Town staff.

Health & Human Services

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$772,100	\$912,898	\$140,798	18.2%
Expenses	\$198,385	\$203,315	\$4,930	2.5%
Veterans Services	\$121,729	\$123,649	\$1,920	1.6%
Total	\$1,092,214	\$1,239,862	\$147,648	13.5%

Health & Human Services is comprised of the Health Services Department, the Senior Services Department, Youth & Family Services, and Veterans Services. Full time paid employees:

Health Services (3)
Veteran Services (0)

Senior Services (6)

Youth and Family Services (2)

Health Services Department: The Health Services Department is responsible for a wide range of health and environmental concerns, including the promotion of public health, control of dangerous disease, regulatory control of licensed establishments, and protection of the environment. The Health Services Department has been particularly engaged in the Town's COVID-19 response. Other specific responsibilities include the licensing and inspection of food establishments, mobile food trucks, caterers, schools, beaches, public pools, camps, waste hauling, daycare food services, tobacco and nicotine product regulation, and mortuary and burial activities. The Health Services Department also approves septic system tests and plans, manages a Community Septic Loan Program, water well permitting and testing, environmental risk evaluation, as well as mercury and lead waste control efforts. Emergency management is supported through an organized Emergency Medical Corps.

Senior Services Department: The mission of the Senior Services Department is to promote well-being and enhance the quality of life for adults aged 60+ years in the Town. As of the 2020 census there were 3,482 seniors over age 60 living in Hopkinton, up 29% from 2,700 in 2015. The Senior Center currently serves between 650 to 750 seniors on an ongoing basis; with participation in a variety of exercise classes, educational and art programs, health initiatives, outings, and support groups. The Senior Center also operates a meals program and a senior transportation service. The Senior Center has partnered with the Hopkinton Public Library to create a Memory Cafe, to provide support for residents and caregivers of all ages dealing with dementia.

Youth & Family Services: Youth & Family Services promotes and enhances family health and well-being, working collaboratively with the Hopkinton Youth Commission; providing parent consultation, crisis intervention, referral, and short-term counseling for individuals, groups, and families. Youth & Family Services also collaborates to develop and sponsor constructive community programs and activities, and works to promote food security for residents. These services respond to stressors including divorce and marital separation, serious illness, financial hardship, grief and loss, mental health challenges, and substance abuse and addiction issues. Securing outpatient behavioral health care through the contracted INTERFACE Referral Helpline and strengthening the Hopkinton Organizing for Prevention coalition in primary prevention practice has been among recent priorities.

Veterans Services: Veterans Services are mandated by State law, and provide assistance to Veterans and their dependents in receiving Federal, State and local benefits made available by the US Government and by the Commonwealth. Hopkinton is part of the Metrowest Veterans' Services District along with Medway, Holliston and Ashland and contributes a portion of the cost of cooperative services. Benefits provided by the Town to Veterans are reimbursed at a rate of 75% by the Commonwealth in the year following the expense.

Culture & Recreation

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$682,983	\$756,669	\$73,686	10.8%
Expenses	\$95,629	\$95,865	\$236	0.2%
Celebrations	\$2,000	\$2,000	\$0	0.0%
Total	\$780,612	\$854,534	\$73,922	9.5%

Culture & Recreation includes the Hopkinton Public Library and historical activities. Full time paid employees:

Library (6)	Historical Commission (0)	Historic District Commission (0)
Townwide Celebrations (0)	Parks and Recreation (1)	

Hopkinton Public Library: The Hopkinton Public Library operates with guidance from an elected Board of Trustees and enhances educational, cultural, social, and intellectual opportunities for the community by providing a high level of personal service, offering contemporary technology, a variety of events for all ages, and materials in diverse formats both physical and electronic. Library use doubled after a major renovation completed in 2017 and remained strong over the past year. Programmatic activities include a “Hopkinton 101” community fair providing information on civic and Town activities, author visits, lectures and presentations, storytimes, crafting events, the provision of study space and event/meeting space for community members, research assistance, and public computers and wireless internet, among a variety of other resources.

The Library augments its expenses through income earned on two trusts that were established to support the Library, as well as through State Aid which per State Law is excluded from the Town’s annual appropriation, and through the generous support of the community including gifts directly to the Library as well as contributions to the Friends of the Hopkinton Public Library and the Hopkinton Public Library Foundation. Specific anticipated additional sources in FY 2022 include \$28,736 in dedicated State Aid, \$9,000 from the Crooks Trust, approximately \$47,000 from the McGovern Trust, approximately \$12,000 from the Friends of the Library, and \$1,000 in fines and fees for lost and damaged materials.

Parks and Recreation: Programmatic/administrative costs, debt payments on park facilities, and the cost for maintaining the Town Common, EMC Park, Sandy Beach and other parks formerly

supported through a subsidy from the General Fund to the Parks and Recreation Enterprise Fund will be funded as direct General Fund line items beginning in Fiscal Year 2021.

General Fund Debt Service and Employee Benefits & Insurance

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Debt Service				
Retirement of Debt	\$6,475,643	\$5,001,080	-\$1,474,563	-22.8%
Long Term Interest	\$2,515,723	\$2,531,319	\$15,596	0.6%
Short Term Interest	\$0	\$0	\$0	0.0%
Total	\$8,991,366	\$7,532,399	-\$1,458,967	-16.2%
Employee Benefits & Insurance				
Unemployment Insurance	\$105,000	\$120,822	\$15,822	15.1%
Medicare Tax	\$751,550	\$796,643	\$45,093	6.0%
Life Insurance Premiums	\$40,000	\$46,024	\$6,024	15.1%
Health Insurance Premium	\$8,543,549	\$9,092,158	\$548,609	6.4%
Middlesex County Retirement	\$2,486,832	\$2,910,419	\$423,587	17.0%
Drug and Alcohol Testing	\$5,000	\$5,753	\$753	15.1%
Blanket Insurance Premiums	\$686,539	\$780,632	\$94,093	13.7%
Total	\$12,618,470	\$13,752,451	\$1,133,981	9.0%

Debt service is addressed in detail in appendix B and C of this report. Employee Benefits & Insurance continue to be a large percentage of the operating budget. The Town continues to tackle increasing health care costs. The budgeted increase of 6.4%, which includes benefit costs for new staff, is a noteworthy cost increase factor in the FY 2022 budget.

Middlesex County Retirement contributions are increasing by 17% in FY 2022, driven by updated actuarial assessments of future retiree costs, as the Town continues to make supplemental contributions to fully fund the pension liability; and staff additions. Notably, teachers are covered under a separate state funding mechanism. Contributions reflect both the cost of new benefits earned, and contributions toward fully funding the liability to employees

under a state-sanctioned plan by 2036. Blanket Insurance is up 16%, reflecting changes in the assets covered such as new buildings, loss experience, and growth in the Town workforce.

Community Preservation

	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
CPA Administration				
Personal Services	\$11,330	\$12,095	\$765	6.8%
Expenses	\$49,100	\$60,210	\$11,110	22.6%
Total	\$60,430	\$72,305	\$11,875	19.7%
Debt Service				
Retirement of Debt	\$319,573	\$301,619	-\$17,954	-5.6%
Total	\$380,003	\$373,924	-\$6,079	-5.6%

The Community Preservation Act (CPA), created in 2000, is statewide enabling legislation and a smart growth tool that helps local communities, through state funding, to acquire and preserve open space and historic sites, create and support affordable housing and develop outdoor recreational facilities. It is funded through a surcharge of up to 3% of the real estate tax levy on real property.

Hopkinton adopted this Act by a ballot vote in 2001 at a surcharge of 2%. The first \$100,000 of a home's assessed value is exempt from the surcharge. Local revenue is supplemented through a state Community Preservation Trust Fund (state revenue raised through fees charged at Massachusetts Registries of Deeds). The percentage of state disbursements changes from year to year based on the amount in the Community Preservation Trust Fund. The availability of funds depends on two factors, the number of deeds registered in a given year and the number of cities and towns competing for state CPA dollars. The match was 28.6% in FY 2021 and is estimated to be 17.7% in FY 2022.

A minimum of 10% of annual revenues of the fund must be used for each of the three core community concerns - Open Space, Historic Resources and Community Housing. Any money remaining in each of these categories at the end of the fiscal year stays in that reserve account

until appropriated for a project. Funds in a category reserve account are “restricted” funds, and they can only be used for that specific category. Once funds are transferred to a category reserve, they cannot be repurposed.

The remaining 70% can be allocated for any combination of allowed uses, including administrative costs (up to 5%), or for recreational use. An optional "budgeted reserve" account can be included in the CPA budget to temporarily park some of this money in case it is needed for additional projects that arise during the year. If money is not placed in a budgeted reserve, the Town will temporarily lose access to the funds when the town sets its tax rate in the fall. Putting the unused money in a budgeted reserve allows the community to access the funds during the entire fiscal year for any CPA purpose, following the normal procedure for CPA recommendation and Town Meeting vote.

The following table illustrates the activity in each category based on the articles being presented at Town Meeting, including those funds requested in the Fiscal 2022 Operating Budget.

	Opening Balance	FY21 Adjustments	Proposed FY22 Funding	Proposed ATM Spending (Including FY22 Requested Budget)	Ending Balance
Open Space	\$986,965	\$49,847	\$144,611	-\$69,520	\$1,111,903
Historic Resources	\$427,861	\$50,763	\$144,611	-\$20,000	\$603,235
Community Housing	\$828,405	\$40,204	\$144,611	-\$90,000	\$923,220
Recreation	\$315,417	\$468,852	\$144,611	-\$703,899	\$224,981
Budgeted Reserve	\$694,794	-\$694,794	\$867,675		\$867,675
Undesignated	\$1,617,172	\$1,147,893		-\$203,505	\$2,561,560
Available for Appropriation	<u>\$4,870,614</u>	<u>\$1,062,765</u>	<u>\$1,446,119</u>	<u>-\$1,086,924</u>	<u>\$6,292,574</u>
Allocated to projects	\$1,835,247	-\$720,728		\$713,000	\$1,827,519
Summary: Available and Allocated to Projects	\$6,705,861	\$342,037	\$1,446,119	-\$373,924	\$8,120,093

Sewer Enterprise Fund

Sewer Enterprise Fund				
	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$177,742	\$174,818	-\$2,924	-1.6%
Expenses	\$986,743	\$913,862	-\$72,881	-7.4%
Total	\$1,164,485	\$1,088,680	-\$75,805	-6.5%
Retirement of Debt	\$1,296,983	\$1,010,729	-\$286,254	-22.1%
Total	\$1,296,983	\$1,010,729	-\$286,254	-22.1%
Total Appropriation	\$2,461,468	\$2,099,409	-\$362,059	-14.7%
Indirect Costs				
Employee Benefits & Pensions	\$60,576	\$309,724	\$249,148	411.3%
Shared Employees	\$224,846		-\$224,846	-100.0%
Total	\$285,422	\$309,724	\$24,302	8.5%
Expense Grand Total	\$2,746,890	\$2,409,133	-\$337,757	-12.3%

Approximately 40% of the Town is served by municipal sewer. The Sewer Enterprise staff is responsible for the operation of eight pumping stations along with over 40 miles of sewer pipe. Daily inspections of the stations are conducted to ensure proper operation. The department is on call 24 hours a day, 365 days a year and responds to numerous emergency calls throughout the year. Rates are set annually by the Select Board to cover all costs of sewer service to customers, including repayment for capital projects. The department continues to work on system efficiencies to help improve operations and costs. The increase in sewer expenses is substantially due to the one time cost of the next phase of the sewer inflow/infiltration remediation. Finding the source of inflow/infiltration is the next step to eliminating inflow/infiltration and lowering ongoing disposal costs. Crews were again instrumental in making in-house repairs and in performing required maintenance to keep the systems running properly.

Water Enterprise Fund

Water Enterprise Fund				
	Appropriation	Request	\$ Change	% Change
	FY2021	FY2022	FY21-FY21	FY21-FY22
Personal Services	\$437,483	\$434,572	-\$2,911	-0.7%
Expenses	\$849,500	\$860,546	\$11,046	1.3%
Total	\$1,286,983	\$1,295,118	\$8,135	0.6%
Retirement of Debt	\$1,502,053	\$900,330	-\$601,723	-40.1%
Total	\$1,502,053	\$900,330	-\$601,723	-40.1%
Total Appropriation	\$2,789,036	\$2,195,448	-\$593,588	-21.3%
Indirect Costs				
Employee Benefits & Pensions	\$131,849	\$388,872	\$257,023	194.9%
Shared Employees	\$243,279		-\$243,279	-100.0%
Total	\$375,128	\$388,872	\$13,744	3.7%
Expense Grand Total	\$3,164,164	\$2,584,320	-\$579,844	-18.3%

Approximately 65% of the town is served by municipal water. The Water Enterprise staff is responsible for maintaining eight pumping stations, three water tanks, 688 fire hydrants and 76 miles of water main. The department is on call 24 hours a day, 365 days a year. Rates are set annually by the Select Board to cover all costs of water distribution to customers, including repayment for capital projects. The division completed the new water system blending project on Fruit Street to enhance the Town's drinking water quality. Staff provides in house improvements to the system, leak detection, and preservation and identification of water resources. Monthly water samples are collected throughout Town and tested for bacteria and a wide variety of other contaminants, in compliance with State and Federal guidelines.

Background Information and Recommendations on Financial Articles

ARTICLE: 2 FY 2021 Supplemental Appropriations and Transfers

Recommendation - The Appropriation Committee unanimously recommends approval.

\$528,720.55 to Snow and Ice Removal from Certified Free Cash

\$81,672.16 to Parks and Recreation Enterprise deficit from Certified Free Cash

\$832.00 to Parks and Recreation Revolving from Certified Free Cash

\$510.00 to Police Detail Agency from Certified Free Cash

Article 2 requests authorization to transfer \$528,720.55 in available Certified Free Cash remaining from prior year operations to the Fiscal Year 2021 Snow and Ice Control Operating Budget for costs incurred above what was budgeted. The Commonwealth allows municipalities to spend more than the amount budgeted for Snow & Ice Removal annually, given the unpredictability of winter weather severity. The Town's practice has been to budget a moderate amount for this purpose (\$350,000 for the coming fiscal year) and to cover higher costs, when they exist, through the use of Free Cash or Taxation.

Article 2 also requests authorization to transfer \$81,672.16 from Certified Free Cash remaining from prior year operations to the Parks and Recreation Enterprise Fund to cover an operating deficit in the Parks and Recreation Enterprise Fund operating account. The COVID-19 pandemic caused the cancellation of many programs during the year, resulting in a deficit in the Parks and Recreation Enterprise in Fiscal Year 2020. Despite the dramatic dropoff in revenue, the Parks and Recreation Enterprise Fund continued to incur costs for the utilities, maintenance, and operation of Town facilities, including Sandy Beach, the Town Common, and EMC Park; as well as for some program administration costs.

Article 2 also authorizes the transfer from Certified Free Cash to the Parks and Recreation Revolving Fund and the Police Detail Agency Fund. These transfers reflect billings for services from prior years. The Police Detail Agency Fund charges fees to Town Departments for performing work on roadways in the community per Massachusetts General Laws. The Police Detail Agency Fund correspondingly uses these fees to pay the daily rates for the detail officers. The Parks and Recreation department charges fees to the School Department for use of Parks and Recreation facilities and programs, and this payment was not made in a prior year.

ARTICLE: 3 Unpaid Bills from Prior Fiscal Years

Recommendation - The Appropriation Committee unanimously recommends approval.

\$18,212.69 from Certified Free Cash.

\$505.78 from Water Enterprise Retained Earnings

Massachusetts General Law Chapter 44 Section 64 states that bills can only be paid with funds appropriated for the fiscal years in which expenses were incurred. For example, expenses from fiscal year 2020 could not be paid using a fiscal year 2021 appropriation. In each cycle, the Town receives bills from vendors after the previous fiscal year has been closed. In those instances, the General or Enterprise Funds require a fourth-fifths majority approval vote by the Annual Town Meeting to pay those invoices.

Article 3 requests authorization to pay 6 vendors. For example, services were incurred at the end of June 2020 from Weston and Sampson, but were not received until after the fiscal year end. The Town is taking additional steps to minimize future unpaid bills beyond the fiscal year end, including reconciliation and coordination with vendors near fiscal year-end, monitoring of services received and bills paid, and coordination between Town Departments. The Town is also implementing procedures to gather bills in a timely manner.

ARTICLE: 4 Excess Bond Premium

Recommendation - The Appropriation Committee unanimously recommends approval.

\$42,498.46; Source - Remaining net premium from the issue of \$9,175,000 in General Obligation Municipal Purpose Loan of 2019 bonds (dated November 26, 2019) and \$8,915,000 in General Obligation Municipal Purpose Loan of 2020 bonds (dated June 25, 2020) to reduce necessary borrowing for capital projects that qualify as “like-projects” to the projects that generated the excess premiums.

When the Town issues debt in the form of municipal bonds, those bonds are rounded in terms of face value and in terms of interest rates. Prospective buyers bid to purchase the bonds against one another, and enter their competitive bids by also bidding a “bond premium” that represents the value payable to the Town to reflect the bidders offer to the extent that it is better for the Town than the terms printed on the face of the bond.

The Town uses these premiums to do three things. First, the premiums can be used to lower the amount borrowed, with the premiums supplying the extra cash needed. Second, premiums are used to pay the costs of the borrowing, including the costs of the rating agency that evaluates the Town’s financial strength, the attorneys who act as bond counsel for the issuance, and the commercial bank that manages the sale. Finally, residual premiums, such as the amounts under consideration in this Article, can be used to lower subsequent borrowings on projects approved by Town Meeting that have been partially financed or on projects similar to the ones that gave rise to the premium.

ARTICLE: 5 Set the Salary of Elected Officials

Recommendation - The Appropriation Committee unanimously recommends approval.

\$73,527 to be funded within Article 6, the FY 2022 Operating Budget

Massachusetts General Laws (Chapter 41, Section 108) required the salary and compensation of all elected officials to be fixed annually at Town Meeting. The position of Town Clerk is Hopkinton’s only such compensated elected official. The specified amount is included in the General Fund appropriation proposed in Article 6.

ARTICLE: 6 Fiscal Year 2022 Operating Budget

Recommendation - The Appropriation Committee unanimously recommends approval.

General Fund - \$96,393,072 - Details within this report and Warrant and Articles Motions

Community Preservation Fund - \$373,924

Sewer Enterprise Fund - \$2,099,409

Water Enterprise Fund - \$2,195,448

Public, Educational, and Governmental Access Enterprise Fund (HCAM) \$346,947

The specifics of sources and uses of funds for these appropriations are covered in detail in this report. The Appropriation Committee recommends approval of this Article.

How has COVID-19 impacted the Town budget?

COVID-19 is most importantly a human crisis, and is also an economic concern. Hopkinton has lost citizens, many families have lost loved ones, and others have lost jobs or income. Compared to those challenges, the Town's budget concerns spanning FY 2020, FY 2021, and into FY 2022 related to COVID-19 are moderate.

On the revenue side, COVID-19 has impacted "New Growth" in the tax base, which is mostly tied to residential new construction and residential upgrades and improvements; activities that slowed significantly in the early phases of the pandemic and are probably still below what would have occurred in the absence of the crisis. The Commonwealth has helped with increased net local aid, projected to be up 11.6% in FY 2022. Additionally, early guidance on the anticipated \$5.4 million in federal American Rescue Plan of 2021 Act funding to be awarded to the Town suggests that federal funding may be available to support any shortfall in projected local receipts from motor vehicle excise tax, interest income, and other sources.

On the expense side, the proposed budget limits growth in staffing to positions in the Hopkinton Public Schools (HPS) that serve the direct needs of a growing student population, the addition of a single police officer to be funded in its initial year by the Legacy Farms Host Community Agreement, and fractional position increases for community needs in Youth and Family Services and Senior Services. Overall priorities in the budget are as follows:

- Sustain community services at FY 2021 levels
- Fund 18.6 new full classroom positions for HPS to address enrollment growth, special education needs, targeted student support needs, and facility and administrative needs
- Resumption of capital spending on facilities and equipment renewal
- Meet contractual obligations for salary adjustments
- Minimize the use of one-time funding to support recurring expenses
- Preserve existing stabilization reserves

With respect to the Town's financial health, the Town's cash position and cash flow remain very strong as tax collections and the receipt of local aid from the state have continued without interruption; and the Town's Standard and Poors AAA bond rating, which allows borrowing at very low interest rates, was reviewed and affirmed in May, 2020, in the depth of the uncertainty caused by COVID-19.

Is State or Federal Covid relief aid covering our needs or is there a gap?

The Commonwealth's commitment to sustaining local aid payments in FY 2021, even while State revenues were down dramatically, was the single most positive budgetary factor supporting the Town's financial stability in FY 2021. Initial indications from the Governor and Legislature are that this trend of support will continue into FY 2022. The Town received \$1.6 million in federal aid under the CARES Act which was applied to specific incremental costs of the pandemic, and additional support for certain incremental costs under emergency declarations from FEMA. The schools received \$1,165,210 in additional aid under a special education provision of the CARES Act. These sources were tremendously helpful in supporting one-time funding needs.

In March, 2021, a new American Rescue Plan Act of 2021 was approved at the federal level, and it is anticipated to provide the Town with \$5.4 million in funding which is available for use through December 31, 2024. Rules for the use of this funding have not yet been promulgated. In the FY 2022 budget, the Town is planning to fund personal protective equipment and any other allowable incremental costs out of this funding. The Hopkinton Public Schools are expected to receive an additional \$452,153 under the American Rescue Plan Act of 2021.

Due to Covid 19, capital spending and new borrowing was suspended in FY 2021. Does the resumption of capital spending in the FY 2022 budget get the Town back on track?

The suspension of capital spending in FY 2021 was one of the measures that allowed the Town to sustain municipal services without tapping stabilization reserves and while managing tax impact. The FY 2022 budget resumes measured capital spending, with \$1,842,980 in pay-as-you-go capital projects that address the most pressing needs for renewal of equipment and facilities for Public Safety, Public Works, the Hopkinton Public Schools, and other Town departments. Additionally, four projects with 97% of the spending planned for the Hopkinton Public Schools are recommended for approval: \$3 million for school roof renewal, \$3.625 million for the addition of classrooms to the Marathon Elementary School, \$350,000 for school HVAC controls, and \$250,000 for replacement of the Police Station roof. The Town is not aware of any safety or health consequences of the temporary suspension of capital spending in FY 2021. It is expected that by FY 2024, the Town will be completely back on cycle for all equipment renewal and replacement.

The Appropriations Report states that the FY 2022 budget will "sustain community services at FY 2021 levels." Does this mean that all of the same services will be offered at the same level to our growing population?

Sustaining community services at FY 2021 levels is one of the dominant goals of this budget. The budget does allow for continuation of current service levels through FY 2022 and also includes significant targeted service increases for the Hopkinton Public Schools in FY 2022, directly supporting classroom contact and special education needs for a growing student population. Other service levels will remain substantially unchanged.

Are there any noteworthy cuts or additions in the FY 2022 budget? (For example, we are in a hiring freeze... does that mean the FY 2022 budget does not include funds for any new staff?).

Noteworthy additions include funding for salary and benefit increases to support funding for 18.6 new positions at the Hopkinton Public Schools at a cost of \$1 million. The only other staff increases are a single police officer to be funded in the initial year by the Legacy Farms Host Community Agreement and fractional position increases in Youth and Family Services and Senior Services.

How much will our tax bills go up this year? How will this budget impact someone who owns the average home worth \$655,500?

For a person with the average value Hopkinton home, assessed at \$655,500, last year's tax level of \$11,195 will rise about \$259 in connection with general government spending within the tax levy as controlled by proposition 2 ½, and by about another \$61 in connection with the new voter-approved debt if all the capital projects proposed in the FY 2022 budget for excluded debt are approved by Town Meeting and by voters at the polls. The total rise would be from \$11,195 to about \$11,515. This is an approximation because several factors, including the actual amount of new growth in the tax base, will not be finalized until October.

Revenue from new growth is expected to be down by 6.3% from FY 2021. Meanwhile, education spending and Employee Benefits are on the rise and there is talk of the need for more school construction spending. This growing imbalance has been on the radar for some time and the Appropriations Committee has expressed concern about sustaining the budget going forward. Consistent with these concerns, the Town is forecasting a deficit of nearly \$1.9 million in FY 2023. Can you comment on this? What is the town doing to prepare for this? What does this mean for our taxes beyond FY 2022?

This question accurately identifies the two dominant financial challenges on the Town's horizon: cost growth above 2.5% to sustain existing services, and increased capital costs for anticipated new school construction. On the revenue side, Proposition 2 ½ limits property tax increases to 2.5%, and for several years the Town has been able to both cover salary and benefit expense increases in excess of 2.5% as well as additional costs for new positions by relying on very robust new growth, primarily in the residential housing sector.

As a specific illustration of the Town's reliance on new growth; even with the projected drop-off in new growth revenue in FY 2022, Hopkinton's new growth will still provide over 53% of the new property tax revenue for the Town. If new growth slows after the completion of Legacy Farms (as the budget forecasts), an imbalance will emerge as revenue growth is capped at a number closer to 2.5% if compensation costs for existing and needed staffing levels continue to grow at a rate substantially above 2.5%. Further, if school enrollment continues to rise, it is likely that additional debt will need to be taken on and serviced in connection with more new school construction; further amplifying this challenge.

On a macro level, the Town is preparing for this challenge by clearly identifying the issue to support broad public discussion about the tax burden impact of maintaining high quality

education, public safety, and other services. Ultimately, future sessions of the Town Meeting will strike the balance between service levels and quality on the one hand and tax impact on the other.

On a more tactical level, the Town continues to manage and control costs by aggressively managing health care and other significant expenses, by tightly controlling staff growth outside the enrollment-driven public schools, by maintaining strong financial reserves and adhering to other financial policies that will lower future borrowing costs, and by seeking the maximum possible financial support from the Massachusetts School Building Authority and other sources of grant funding.

ARTICLE: 7 Parks & Recreation Revolving Funds

Recommendation - The Appropriation Committee unanimously recommends approval.

This article creates a segregated revolving fund for the Fruit Street Athletic Fields, to match revenue and expenses. As part of the multi-year restructuring of Parks and Recreation services completed over FY 2021 and FY 2022, Parks and Recreation service lines are being disaggregated into three distinct segments to promote improved visibility and transparency. With this reorganization: 1) General community amenities that are not supported by adequate specific fee revenue such as maintenance of the Town Common and recreation fields, the operation of Sandy Beach, and program management are now funded as General Government departmental expenses within the General Fund; 2) Community youth and adult recreation programs are funded within an existing revolving fund; and 3) this Article creates a new, separate revolving fund specifically for revenues and expenses associated with the Fruit Street athletic complex. This division will ensure that program users are charged appropriate user fees.

The Fruit Street Field operation is a distinct service line. This segregated revolving fund will support the tracking of revenues and expenses specifically tied to the Fruit Street Fields including the transfer of an existing balance of \$334,198.77 that has been accumulated for the Fruit Street Fields. This approach will support the accumulation and eventual use of reserves specifically earmarked for the periodic maintenance and eventual renewal of synthetic turf at the Fruit Street Fields.

ARTICLE: 8 FY 2022 Revolving Funds Spending Limits

Recommendation - The Appropriation Committee unanimously recommends approval.

Under State law and regulations prescribed by the Massachusetts Department of Revenue as the Town's financial regulator, Hopkinton has established a number of self-sustaining revolving funds that are authorized to collect user fees and pay costs to provide certain services. These funds are commonly called "53 E ½ funds" as they are authorized by Massachusetts General Laws Chapter 44, Section 53 E ½. The authorizing statute requires that Town Meeting be aware of and approve the size and use of these funds each year by setting maximum amounts that may be collected and spent within each authorized fund. There are no property taxes or other general revenues spent through these funds. Collection and spending levels proposed for FY 2022 are as follows:

Building Department - \$270,000

Part-Time Wire Inspector - \$100,000

Part-Time Plumbing Inspector - \$100,000

Hazardous Materials - \$20,000
 Conservation Commission - \$115,000
 Library - \$10,000
 Public Safety - \$5,000
 Planning Board - \$30,000
 Open Space Preservation Commission - \$10,000
 Youth and Family Services Department - \$4,000
 Zoning Board of Appeals - \$50,000
 Department of Public Works Trench Permitting - \$8,000
 Department of Public Works Trash Bag Fees - \$15,000
 Department of Public Works Recycling - \$8,000
 Cemetery Commission - \$3,500
 Cemetery Lot Fund - \$10,000
 School Department Laptop Initiative - \$475,000
 Fingerprinting Fund - \$500
 Senior Center Programs Fund - \$75,000
 Police Department - \$10,000
 Parks and Recreation (Fruit Street, new per Article: 7) - \$80,000

ARTICLE: 9 Cost of Living Increase to Income and Asset Limits for Property Tax Exemptions

Recommendation - The Appropriation Committee unanimously recommends approval.

Hopkinton grants partial property tax exemptions to certain qualifying senior citizens as authorized in Chapter 59, Section 5 of Massachusetts General Laws. The law allows the Town to grant limited property tax reductions for senior citizens with income and non-residence assets below qualifying levels. For FY 2021 the limit on income was \$24,834 for singles and \$37,251 for married couples; and the limit on assets (excluding the residence) was \$40,000 for singles and \$55,000 for married couples. For the current year, Hopkinton granted 20 exemptions in this category, exempting taxation of \$29,635.

Massachusetts General Laws Chapter 59, Section 5, Clause forty-first D allows communities to accept an annual escalation of income and asset limits for this exemption program by an amount equal to a Cost of Living Adjustment as determined by the Commissioner of Revenue, based on the increase in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics for a given year. Without escalating the income and asset limits either annually or intermittently, the pool of eligible qualifying seniors is likely to drop simply due to inflation.

ARTICLE: 10 Chapter 90 Highway Funds

Recommendation - The Appropriation Committee unanimously recommends approval.

\$635,871 for road maintenance; Source - Commonwealth of Massachusetts Chapter 90 Highway Local Aid Program. The Commonwealth of Massachusetts imposes a 24 cent per gallon gasoline tax, raising about \$800 million in the last reported year. A portion of this tax revenue supports a targeted local aid program for cities and towns that provides funding for roadway construction, preservation, and improvement projects. The title “Chapter 90” refers to Chapter 90 of the Massachusetts General Laws, Motor Vehicles and Aircraft. Hopkinton’s award for fiscal year 2022 is \$635,871, as identified in the

Article. While not required, Town Meeting's action is for transparency and gives visibility to the town's investment in roadway improvements.

This funding will supplement \$501,000 for paving budgeted for FY 2022 in the General Fund, Department of Public Works. This spending supports the maintenance of the Town's roadway infrastructure.

ARTICLE: 11 Transfer to Other Post-Employment Benefits Liability Trust Fund

Recommendation - The Appropriation Committee unanimously recommends approval.

\$410,000 to the Other Post-Employment Benefits (OPEB) Liability Trust Fund. Other Post-Employment Benefits (OPEB) refers to post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription, and other health care benefits provided to eligible retirees, and in some cases to their beneficiaries. OPEB is part of the compensation that employees earn each year, even though these benefits are not paid out until after employment has ended. In 2012, the Town established the OPEB Trust fund and began making contributions to the Trust Fund in 2014, rather than expecting future generations of Hopkinton residents to pay these costs for today's employees.

As of June 30, 2020 the present value of the future expected payments for OPEB was computed at \$27.1 million by an independent actuary retained by the Town. On March 31, 2021, the OPEB Trust Fund had a balance of \$4.0 million, for a funding level of 14.8% of the liability. This Article allocates an additional \$410,000 to this trust fund in fiscal year 2022. The Town's actuary estimates that if Hopkinton increases the current \$410,000 contribution by 2 ½% annually, the liability will be fully funded by 2050. Progress on OPEB funding is an important factor considered by credit rating agencies when assigning a bond rating to the Town. More detail can be found on page 28 of the Appropriation Committee Report.

ARTICLE: 12 Transfer from the General Stabilization Fund

Recommendation - The Appropriation Committee unanimously recommends no action.

\$0. In working to develop a balanced budget proposal for FY 2022, consideration was given to withdrawing funds from the General Stabilization Fund, which had a balance of \$3.9 million on March 31, 2021. Successful efforts to reduce costs and improved estimates of revenue from Commonwealth of Massachusetts Local Aid and Federal COVID-19 funding under the American Relief Plan of 2021 have eliminated the need to draw from the General Stabilization Fund for FY 2022.

ARTICLE: 13 Transfer from School Department Stabilization Fund to General Fund

Recommendation - The Appropriation Committee unanimously recommends no action.

\$0. In working to develop a balanced budget proposal for FY 2022, consideration was given to withdrawing funds from the School Department Stabilization Fund to support cost increases tied to enrollment growth. The School Department Stabilization Fund had a balance of \$2.1 million on March 31, 2021, with an additional \$2.0 million due under a Host Community Agreement by December 31, 2021. Successful efforts to reduce costs and improved estimates of revenue from Commonwealth of Massachusetts Local Aid and Federal COVID-19 funding under the American Relief Plan of 2021 have eliminated the need to draw from the School Department Stabilization Fund for FY 2022.

ARTICLE: 14 Transfer from School Department Stabilization Fund to School Department

Recommendation - The Appropriation Committee unanimously recommends no action.

\$500,000 from the School Department Stabilization Fund to the School Department. This funding would be available to the School Department, above the \$53,966,911 provided in the General Fund budget and other available resources available outside the General Fund budget process to address unspecified costs associated with enrollment growth. The School Department Stabilization Fund had a balance of \$2.1 million on March 31, 2021, with an additional \$2.0 million due under a Host Community Agreement by December 31, 2021.

ARTICLE: 15 Parks & Recreation Enterprise Fund (Disestablish)

Recommendation - The Appropriation Committee unanimously recommends approval.

At the May 2, 2011 Town Meeting, a Parks and Recreation Enterprise Fund was created. This Article would disestablish that Enterprise Fund as part of a reorganization begun in FY 2021 and completed in FY 2022. As discussed in Articles 2 and 7, the recommended approach will:

- Cover overall management support for Parks and Recreation from the General Fund, as other departmental management costs are covered from the General Fund
- Cover maintenance costs for public space managed by the Parks and Recreation Commission (Town Common, Sandy Beach, EMC Park, Fields) from the General Fund, as other public space maintenance costs are covered from the General Fund
- Manage transparent operation of the Fruit Street Fields with the ability to identify, segregate, and accumulate excess revenue for eventual renewal of the Fruit Street turf and facilities, as provided by Article 7
- Manage transparent operation of all other user fee based programs (camps, clinics, sports leagues, etc.) on a break-even basis in an existing revolving fund
- Disestablish the former Parks and Recreation Enterprise Fund in Article 15.

The result will be that costs will be segregated and managed in three clearly defined pools with transparent visibility. This approach will place community-wide expenses within the General Fund budget, will allow the Fruit Street Athletic Fields to segregate facility revenue for future facility renewal, and will support transparently operating other community recreation programs on a reasonable cost basis.

ARTICLE: 16 Pay-As-You-Go Capital Expenses

Recommendation - The Appropriation Committee unanimously recommends approval.

\$1,490,247.89 from Free Cash

\$52,682.11 from unspent capital appropriations

\$300,000 from Ambulance Receipts Reserved

Capital Item	Amount	Rationale
Schools - District Planning Study	\$80,000	Evaluate enrollment/grade projections to develop long term physical plant plan
Schools - Security Camera Upgrades	\$200,000	Final year of security upgrades from Security Task Force Technology Assessment Plan
Schools - Data Center Firewall/HS Bell System Upgrade	\$75,000	Cyclical renewal of data firewall and replacement of 20 year old DOS-based high school bell system
Schools - Middle School Boiler, Additional Funding	\$201,000	Cyclical renewal of two aging boilers at Middle School with three smaller, more efficient units
Police - Patrol Cruiser Replacement (3 units)	\$174,999	Cyclical replacement of patrol cruisers, shifting to more efficient hybrid models at transition
Information Technology - Cyclical Replacement of Two Multi-Function Printers	\$16,000	Cyclical replacement of high volume, eight year old print, copy, scan, fax units for Town departments
Information Technology - Replace Security Cameras; Police and Fire Stations	\$34,931	Replace four legacy security cameras at Police and Fire locations with new models that directly integrate with Town central video monitoring systems
Facilities - EMC Park Drainage Remediation	\$300,000	Mitigate long standing drainage from original EMC Park construction that is impacting adjacent private property
Facilities - Center School Planning Study	\$60,000	Funding to develop a request for proposals from developers to provide a detailed cost and benefit analysis based on preliminary uses of Center School developed by the Permanent Building Committee.
Fire - Replace Ambulance (Vehicle A-1/Ford F550) \$300,000 from the Ambulance Fund and \$60,000 from Certified Free Cash	\$360,000	Replacement of a front line 2015 model ambulance with an AWD power-loading model; because of low trade-in the existing ambulance will be retained as a reserve vehicle
Fire - Engine 4 Refurbishment	\$110,000	Major underbody renewal of front line primary response engine to address rust and metal separation; service life extension for

		nine years anticipated; defers replacement at ~\$450K
Public Works - Replace Wood Chipper	\$51,000	Replaces 28 year old unit with new, safer model
Public Works - Replace Truck Ford F550 and plow	\$96,000	Replaces eight year old, 106K mile, front-line roadway maintenance and plow vehicle
Public Works - Excavator and Trailer	\$84,000	Will support safe, minimally intrusive work in cemetery excavations and support other Town tight space excavation needs
	\$1,842,930	

ARTICLE: 17 Marathon School Addition

Recommendation - The Appropriation Committee unanimously recommends approval.

\$2,317,680 Source - General borrowing requiring citizen vote allowing principal and interest to be excluded from the taxation limits imposed by Proposition 2 ½

\$1,307,320 Source - Appropriation of excess bond proceeds from prior borrowings for the Marathon School.

Design and construction of a 6,760 square foot addition of four additional classrooms and an adjacent stairwell to the Marathon School. The current enrollment exceeds the design maximum at this recently constructed facility. Excess unspent proceeds from previous borrowings for the Marathon School are being appropriated to this project to reduce the new borrowing authorization.

ARTICLE: 18 School HVAC Renewal and Digital Control Upgrade

Recommendation - The Appropriation Committee unanimously recommends approval.

\$350,000 Source - General borrowing requiring citizen vote allowing principal and interest to be excluded from the taxation limits imposed by Proposition 2 ½

This request will continue a process of installing digital control systems for the middle school HVAC by installing Direct Digital Controls (DDC) on up to 20 of the largest heating coils (using 10 gpm of heating hot water or more). This will be a first step in installing DDC over the entire system. These direct digital controls will gain operational efficiency and cost savings by utilizing individual modulating control valves throughout the system. This allows for outdoor reset, night setback, vacation and unoccupied programming. Additional control upgrades are planned for future fiscal years.

ARTICLE: 19 Hopkins & Middle School Roof Replacement

Recommendation - The Appropriation Committee unanimously recommends approval.

\$3,000,000 Source - General borrowing requiring citizen vote allowing principal and interest to be excluded from the taxation limits imposed by Proposition 2 ½

This request will replace the majority of the roof at the Hopkinton Middle School and significant sections of roof at the Hopkins Elementary School. The sections scheduled for replacement have had frequent leaking and damage issues and the work is required to protect the Town's investment in these important educational facilities and to support uninterrupted educational activities.

ARTICLE: 20 Police Station Roof Replacement; Sponsor:

Recommendation - The Appropriation Committee unanimously recommends approval.

\$250,000 Source - General borrowing requiring citizen vote allowing principal and interest to be excluded from the taxation limits imposed by Proposition 2 ½

This request will provide a full roof replacement of a failing, 30-year life cycle roof on the Hopkinton Police Station. The work is required to protect the Town's investment in this important public safety facility and to support uninterrupted Police and Communications Department activities.

ARTICLE: 21 Pratt Farm Well Field

Recommendation - The Appropriation Committee unanimously recommends approval.

\$195,000 Source - Water Enterprise Fund Borrowing

Engineering work related to the design, planning, engineering, permitting, eventual construction and related costs for a Pratt Farm Water Well Field to expand the Town's water infrastructure resilience. The principal and interest on this project will be paid from user fees raised in the Water Enterprise Fund.

ARTICLE: 22 Grove Street Chlorine Injection

Recommendation - The Appropriation Committee unanimously recommends approval.

\$300,000 Source - Water Enterprise Fund Borrowing

Corrosion in water systems can lead to increased leaching of metals, including copper. While Hopkinton is compliant with current water quality standards with respect to corrosion, a recent corrosion control study recommended installation of a chlorine injection system at the Grove Street Water Tanks to specifically prevent future issues at the public school facilities served by the tanks. The principal and interest on this project will be paid from user fees raised in the Water Enterprise Fund.

ARTICLE: 23 Alprilla Farm Well Cleaning

Recommendation - The Appropriation Committee unanimously recommends approval.

\$40,000 Source - Water Enterprise Fund Retained Earnings

Cleaning of wells 7 & 8 at the Alprilla Farm Well Field will help maximize water supply volume and quality from these two drinking water production wells. The work is expected to stabilize water quality and supply for a period of approximately ten years. The cost will be paid from Water Enterprise Fund Retained Earnings, which has a 06/30/2020 balance of \$991,343.

ARTICLE: 24 Water Main Replacement - Woody Island Road

Recommendation - The Appropriation Committee unanimously recommends approval.

\$280,000 Source - Water Enterprise Fund Retained Earnings

Replacement of the existing aging 900' cast iron water main at Woody Island Road. The existing water main has been subject to frequent failure. Repairs show a thin-walled pipe that is badly corroded with a high likelihood of additional future failure. Replacement is the best option to support continuity of domestic and fire protection service to the existing system customers. The cost will be paid from Water Enterprise Fund Retained Earnings, which has a 06/30/2020 balance of \$991,343.

ARTICLE: 25 Inflow and Infiltration Investigation

Recommendation - The Appropriation Committee unanimously recommends approval.

\$80,000 Source - Sewer Enterprise Fund Retained Earnings

Continued investigation of the sewer system to identify possible inflow/infiltration which results in unnecessary sewage treatment costs by increasing system volume with ground water that does not require treatment. This work is part of a multi-phase remediation plan required by and approved by the Massachusetts Department of Environmental Protection. The cost will be paid from Sewer Enterprise Fund Retained Earnings, which has a 06/30/2020 balance of \$673,831.

ARTICLE: 26 Vehicle Replacement (Sewer)

Recommendation - The Appropriation Committee unanimously recommends approval.

\$53,000 Source - Sewer Enterprise Fund Retained Earnings

Purchase of a replacement truck for the Sewer Department. This daily service use vehicle will replace an existing 2018 unit with approximately 100,000 miles and mechanical/emissions issues. The cost will be paid from Sewer Enterprise Fund Retained Earnings, which has a 06/30/2020 balance of \$673,831.

ARTICLE: 27 Community Preservation Funds

Recommendation - The Appropriation Committee unanimously recommends approval.

From FY 2022 estimated revenues for Open Space \$144,611

From FY 2022 estimated revenues for Active/Passive Recreation \$144,611

From FY 2022 estimated revenues for Historic Resources Reserve \$144,611

From FY 2022 estimated revenues for Community Housing Reserve \$144,611

From FY 2022 estimated revenues for Budgeted Reserve \$867,675

Anticipated revenue is \$1,446,119. This Article appropriates 10% of the anticipated revenue to each of the four specific programmatic categories and the remaining amount (60%) to the Budgeted Reserve category for future designation by Town Meeting.

ARTICLE: 28 Community Preservation Recommendations

Recommendation - The Appropriation Committee unanimously recommends approval.

\$713,000 Source - Community Preservation Act Funds

\$20,000 (TWENTY THOUSAND DOLLARS) from funds reserved for Historic Resources for Phase 5 of the Historic Headstone Restoration at Hayden Rowe Cemetery, East Hopkinton Cemetery, Bear Hill Cemetery and Evergreen Cemetery; said sum to be spent under the direction

of the Cemetery Commission and the Community Preservation Committee and subject to the condition that any portion of funds not expended by July 1, 2022 shall be returned to the Historic Resources Reserve; provided, however, that the Community Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

\$60,000 (SIXTY THOUSAND DOLLARS) from funds reserved for Recreation to add additional equipment to unused space at the EMC Playground off Hayden Rowe, and upgrade the perimeter border of the playground to improve safety; said sum to be spent under the direction of the Parks and Recreation Department and the Community Preservation Committee and subject to the condition that any portion of funds not expended by July 1, 2023 shall be returned to the Recreation Reserve; provided, however, that the Community Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

\$350,000 (THREE HUNDRED AND FIFTY THOUSAND DOLLARS) from funds reserved for Recreation to for the design, bid and construction of a public skate park at EMC Park, off Hayden Rowe; said sum to be spent under the direction of the Parks and Recreation Department and the Community Preservation Committee and subject to the following conditions: (1) that safety netting be installed prior to opening the Skate Park; and (2) that any portion of funds not expended by July 1, 2023 shall be returned to the Recreation Reserve; provided, however, that the Community Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

\$40,000 (FORTY THOUSAND DOLLARS) from funds reserved for Recreation for skate park netting at EMC Park, which will protect skaters and participants from the batted balls at the ballfield at EMC Park; said sum to be spent under the direction of the Parks and Recreation Department and the Community Preservation Committee and subject to the condition that any portion of funds not expended by July 1, 2023 shall be returned to the Historic Resources Reserve provided, however, that the Community Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

90,000 (NINETY THOUSAND DOLLARS) from funds reserved for Community Housing for the Covid-19 Emergency Housing Relief Program, which provides Covid-19 related emergency mortgage and rental assistance for low- and moderate-income households; provided that mortgage assistance may be provided only to those households living in housing subject to an affordable housing restriction or in exchange for an affordable housing restriction, and rental assistance may be provided only to households living in units eligible for inclusion in the state Subsidized Housing Inventory; said sum to be spent under the direction of the Town Manager and the Community Preservation Committee and subject to the following conditions: (1) that the Housing Authority votes in support of the Program; (2) that a lottery shall be held to determine which eligible residents will receive relief funds if more requests are received than can be supported with grant funds; and (3) that any portion of funds not expended by July 1, 2022 shall be returned to the Community Housing Reserve; provided, however, that the Community

Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

75,000 (SEVENTY FIVE THOUSAND DOLLARS) from funds reserved for Recreation to install two roughly 0.2 to 0.3 mile stone dust trail sections to connect the Center Trail Phase 2 at Field 13 to the Chamberlain Street sidewalks, and Center Trail to Field 11 and the Chamberlain Street sidewalk; said sum to be spent under the direction of the Trail Coordination and Management Committee and the Community Preservation Committee and subject to the following conditions: (1) that the Town acquire the fee of or easements upon any portion of the trail not presently owned by the Town of Hopkinton before any expenditure of funds on construction on that portion of the trail; and (2) that any portion of funds not expended by July 1, 2023 shall be returned to the Recreation Reserve; provided, however, that the Community Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

\$22,000 (TWENTY TWO THOUSAND DOLLARS) from funds reserved for Recreation for preparation for a turf surface at the Lacrosse wall at Fruit Street Fields, Hopkinton, MA; said sum to be spent under the direction of the Parks and Recreation Department and the Community Preservation Committee and subject to the following conditions: (1) that the Town receive a donation or other funding for the Turf Surface; and (2) that any portion of funds not expended by July 1, 2023 shall be returned to the Recreation Reserve; provided, however, that the Community Preservation Committee shall be authorized to extend the deadline for expenditure of funds in its discretion.

\$56,000 (FIFTY SIX THOUSAND DOLLARS) from funds reserved for Open Space for the purchase the "Dunbar" property, a parcel of land on Hayden Rowe in Hopkinton, MA, containing 0.35 acres, more or less, identified as Assessor's Parcel U25 26 0 and more particularly described in a certain deed recorded in the Middlesex South District Registry of Deeds in Book 30309 Page 136, parcel to be held by the Select Board for the purpose of incorporation into and/or parking for the Upper Charles Trail trails, open space preservation, wetlands protection, and passive recreation and subsequently transferred to the Open Space Preservation Commission once construction of the trail and/or parking has been completed; said sum to be spent under the direction of the Town Manager and the Community Preservation Committee and subject to the following conditions: (1) that a Conservation Restriction that allows trails and/or a parking lot to be designed and constructed be placed on the land within five years of acquisition; (2) that the grant amount shall include all of the Town's legal costs for the acquisition of the land; and (3) that any portion of funds not expended by July 1, 2022 shall be returned to the Open Space Reserve; provided, however, that the Community Preservation Committee shall be authorized to extend the deadlines for placing a Conservation Restriction on the land and for expenditure of funds in its discretion.

ARTICLE: 43 Property at 148 Lumber Street - Historical Commission

Recommendation - The Appropriation Committee unanimously recommends approval.

This article would transfer authority over property currently under the jurisdiction of the Historical Commission to the Select Board and authorizes the Select Board to sell or dispose of the property and place a preservation restriction on the property. There are challenges with connecting the property to necessary utilities that have prevented the Town from identifying a productive use as a municipal asset.

ARTICLE: 44 Teresa Road to Huges Farm Trail

Recommendation - The Appropriation Committee unanimously recommends no action.

This article would support the acquisition of four parcels that comprise the former railbed between the town-owned Hughes Farmland and Teresa Road, to support the construction of a connector trail under the direction of the Trail Coordination and Management Committee.

SPECIAL ARTICLE: 1 Extension of Means Tested Senior Citizen Property Tax Exemption

Recommendation - The Appropriation Committee unanimously recommends approval.

This article would implement the local option of extending a Means Tested Senior Citizen Property Tax Exemption that was originally approved for the Town of Hopkinton in chapter 234 of the Acts of 2018. The authorizing legislation allows for Town Meeting to extend this provision, for three years at a time.

For FY 2021 the means test limit on income was based on receipt of the Commonwealth of Massachusetts Circuit Breaker Tax Credit; and was available for income below \$58,000 for a single person, \$73,000 for head of household, and \$88,000 for a joint application. The limit on assets (excluding the residence) was \$250,000, and the limit on the residence value was \$778,000. For Fiscal Year 2021, Hopkinton granted 19 exemptions in this category, exempting taxation of \$39,594.

SPECIAL ARTICLE 2: Transfer from School Department Stabilization Fund to Elmwood School Feasibility Study

Recommendation - The Appropriation Committee unanimously recommends approval.

This article would transfer up to \$1,000,000 from the School Department Stabilization Fund to support an Elmwood School feasibility study by the Hopkinton Elementary School Building Committee No. 2 , with the amount to be transferred to be reduced by any partial funding provided by the Massachusetts School Building Authority (MSBA).

Line Item Budget

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
<u>FUND 1000: GENERAL FUND</u>						
<u>General Government</u>						
122	Select Board					
	Expenses		\$2,000	\$2,000	\$2,000	
	Total		\$2,000	\$2,000	\$2,000	\$2,000
123	Town Manager					
	Personal Services		\$437,528	\$452,453	\$452,453	
	Expenses		\$32,550	\$31,300	\$31,300	
	Total		\$470,078	\$483,753	\$483,753	\$483,753
131	Appropriation Committee					
	Expenses		\$500	\$500	\$500	
	Reserve Fund		\$125,000	\$125,000	\$125,000	
	Total		\$125,500	\$125,500	\$125,500	\$125,500
133	Accounting					
	Personal Services		\$191,676	\$159,513	\$159,513	
	Expenses		\$28,950	\$23,200	\$23,200	
	Total		\$220,626	\$182,713	\$182,713	\$182,713
135	Administration					
	Personal Services		\$134,589	\$138,615	\$138,615	
	Expenses		\$2,000	\$1,835	\$1,835	
	Total		\$136,589	\$140,450	\$140,450	\$140,450
137	Procurement & Grants					
	Personal Services		\$75,000	\$75,000	\$75,000	
	Expenses		\$5,000	\$5,000	\$5,000	
	Total		\$80,000	\$80,000	\$80,000	\$80,000

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
141	Assessors					
		Personal Services	\$206,001	\$212,537	\$212,537	
		Expenses	\$17,300	\$17,550	\$17,550	
		Appraisal Services	\$151,500	\$181,500	\$181,500	
		Total	\$374,801	\$411,587	\$411,587	\$411,587
145	Treasurer/Collector					
		Personal Services	\$298,817	\$307,568	\$307,568	
		Expenses	\$80,000	\$76,900	\$76,900	
		Total	\$378,817	\$384,468	\$384,468	\$384,468
151	Legal					
		Legal Counsel	\$275,000	\$280,000	\$280,000	
		Total	\$275,000	\$280,000	\$280,000	\$280,000
152	Human Resources					
		Personal Services	\$223,793	\$229,704	\$229,704	
		Compensation Contingency	\$325,000	\$325,000	\$325,000	
		Expenses	\$124,236	\$124,456	\$124,456	
		Total	\$673,029	\$679,160	\$679,160	\$679,160
155	Information Technology					
		Personal Services	\$303,161	\$349,733	\$349,733	
		Expenses	\$547,184	\$588,700	\$588,700	
		Total	\$850,345	\$938,433	\$938,433	\$938,433
161	Town Clerk					
		Personal Services	\$130,795	\$138,435	\$138,435	
		Expenses	\$7,302	\$7,395	\$7,395	
		Total	\$138,097	\$145,830	\$145,830	\$145,830
162	Election & Registration					
		Personal Services	\$25,883	\$9,750	\$9,750	
		Expenses	\$21,261	\$15,150	\$15,150	
		Total	\$47,144	\$24,900	\$24,900	\$24,900

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
170	Land Use, Planning & Permitting					
		Personal Services	\$525,150	\$553,529	\$553,529	
		Expenses	\$20,300	\$44,892	\$44,892	
		Total	\$545,450	\$598,421	\$598,421	\$598,421
177	Green Committee					
		Expenses	\$0	\$165	\$165	
		Total	\$0	\$165	\$165	\$165
173	Open Space Committee					
		Expenses	\$12,100	\$12,100	\$12,100	
		Total	\$12,100	\$12,100	\$12,100	\$12,100
187	Trail Committees					
		Upper Charles Tr. Comm. Expenses	\$50,679	\$52,300	\$52,300	
		Trails Coord. Mgt. Comm. Expense	\$36,081	\$25,000	\$25,000	
		Total	\$86,760	\$77,300	\$77,300	\$77,300
192	Town Hall					
		Expenses	\$8,270	\$8,270	\$8,270	
		Total	\$8,270	\$8,270	\$8,270	\$8,270
194	Cable Committee					
		Expenses	\$0	0	0	
		Total	\$0	\$0	\$0	\$0
199	Other General Government					
		Town Reports	\$5,000	\$5,000	\$5,000	
		Audit	\$48,000	\$48,000	\$48,000	
		Transfer: Water Ent., Fire Prot.	\$297,856	\$247,500	\$247,500	
		Total	\$350,856	\$300,500	\$300,500	\$300,500
Total General Government			\$4,775,461	\$4,875,550	\$4,875,550	\$4,875,550

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
<u>Public Safety</u>						
210	Police					
	Personal Services		\$2,692,516	\$2,850,635	\$2,850,635	
	Expenses		\$162,506	\$175,783	\$175,783	
	Auxiliary Police Expenses		\$3,000	\$3,000	\$3,000	
	Total		\$2,858,022	\$3,029,418	\$3,029,418	\$3,029,418
214	Communications					
	Personal Services		\$648,978	\$682,180	\$682,180	
	Expenses		\$40,030	\$46,585	\$46,585	
	Total		\$689,008	\$728,765	\$728,765	\$728,765
220	Fire					
	Personal Services		\$3,096,078	\$3,262,944	\$3,262,944	
	Expenses		\$286,300	\$292,500	\$292,500	
	Total		\$3,382,378	\$3,555,444	\$3,555,444	\$3,555,444
244	Sealer of Weights & Measures					
	Personal Services		\$3,320	\$3,320	\$3,320	
	Expenses		\$1,300	\$1,300	\$1,300	
	Total		\$4,620	\$4,620	\$4,620	\$4,620
292	Animal Control					
	Personal Services		\$34,118	\$34,118	\$34,118	
	Expenses		\$7,000	\$7,000	\$7,000	
	Total		\$41,118	\$41,118	\$41,118	\$41,118
Total Public Safety			\$6,975,145	\$7,359,365	\$7,359,365	\$7,359,365
<u>Education</u>						
300	Hopkinton Public Schools					
	Hopkinton Public Schools		\$51,206,402	\$53,966,911	\$53,966,911	
	Total		\$51,206,402	\$53,966,911	\$53,966,911	\$53,966,911
800	Regional Technical Vocational School					
	Regional Schools		\$676,913	\$597,379	\$597,379	
	Total		\$676,913	\$597,379	\$597,379	\$597,379
Total Education			\$51,883,315	\$54,564,290	\$54,564,290	\$54,564,290

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
Public Works						
410	Engineering & Facilities					
	Personal Services		\$314,907	\$322,198	\$322,198	
	Expenses		\$985,736	\$990,086	\$990,086	
	Total		\$1,300,643	\$1,312,284	\$1,312,284	\$1,312,284
420	Public Works Administration					
	Personal Services		\$447,884	\$485,335	\$485,335	
	Total		\$447,884	\$485,335	\$485,335	\$485,335
422	Highway					
	Personal Services		\$901,019	\$915,938	\$915,938	
	Expenses		\$603,200	\$618,900	\$618,900	
	Sidewalk Maintenance		\$50,000	\$50,000	\$50,000	
	Pavement Management		\$501,000	\$501,000	\$501,000	
	Stormwater System		\$370,000	\$370,000	\$370,000	
	Parks & Rec. Facility Support		\$90,000	\$105,000	\$105,000	
	Lake Maspenock Weed Control		\$60,000	\$60,000	\$60,000	
	Total		\$2,575,219	\$2,620,838	\$2,620,838	\$2,620,838
423	Snow & Ice					
	Snow & Ice Control		\$350,000	\$350,000	\$350,000	
	Total		\$350,000	\$350,000	\$350,000	\$350,000
424	Street Lighting					
	Street Lights		\$33,000	\$33,000	\$33,000	
	Total		\$33,000	\$33,000	\$33,000	\$33,000
426	Traffic Control					
	Traffic Lights		\$25,000	\$25,000	\$25,000	
	Total		\$25,000	\$25,000	\$25,000	\$25,000
427	Tree Warden					
	Personal Services		\$14,354	\$14,354	\$14,354	
	Expenses		\$150,000	\$250,000	\$250,000	
	Total		\$164,354	\$264,354	\$264,354	\$264,354

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
429	Other Storm Control					
		Storm Control	\$10,000	\$10,000	\$10,000	
		Total	\$10,000	\$10,000	\$10,000	\$10,000
433	Waste Collection & Disposal					
		Recycling Salaries	\$17,632	\$10,000	\$10,000	
		Rubbish Collection/Disposal	\$468,030	\$479,750	\$479,750	
		Rubbish Disposal	\$360,000	\$367,100	\$367,100	
		Recycling Expense	\$10,000	\$20,000	\$20,000	
		Recycling Collection/Disposal	\$220,250	\$225,760	\$225,760	
		Household Hazardous Waste	\$14,000	\$10,000	\$10,000	
		Total	\$1,089,912	\$1,112,610	\$1,112,610	\$1,112,610
491	Cemetery Commission					
		Personal Services	\$200	\$0	\$0	
		Expenses	\$1,000	\$1,200	\$1,200	
		Total	\$1,200	\$1,200	\$1,200	\$1,200
Total Public Works			\$5,997,212	\$6,214,621	\$6,214,621	\$6,214,621
<u>Health and Human Services</u>						
511	Health Services					
		Personal Services	\$210,169	\$281,654	\$281,654	
		Expenses	\$79,060	\$93,690	\$93,690	
		Total	\$289,229	\$375,344	\$375,344	\$375,344
541	Senior Center					
		Personal Services	\$423,986	\$426,804	\$426,804	
		Expenses	\$40,655	\$40,955	\$40,955	
		Total	\$464,641	\$467,759	\$467,759	\$467,759
542	Youth & Family Services					
		Personal Services	\$137,944	\$204,440	\$204,440	
		Expenses	\$78,670	\$68,670	\$68,670	
		Total	\$216,614	\$273,110	\$273,110	\$273,110

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
543	Veterans Services					
	Veterans District		\$45,429	\$47,349	\$47,349	
	Veterans Service Benefits		\$75,000	\$75,000	\$75,000	
	Veterans Supplies		\$1,300	\$1,300	\$1,300	
	Total		\$121,729	\$123,649	\$123,649	\$123,649
	Total Health & Human Services		\$1,092,214	\$1,239,862	\$1,239,862	\$1,239,862
	<u>Culture and Recreation</u>					
610	Library					
	Personal Services		\$548,092	\$584,839	\$584,839	
	Expenses		\$47,365	\$46,865	\$46,865	
	Total		\$595,457	\$631,704	\$631,704	\$631,704
620	Parks and Recreation					
	Personal Services		\$134,891	\$171,830.00	\$171,830.00	
	Expenses		\$14,000	\$18,000.00	\$18,000.00	
	Rec Facility Debt Service		\$32,714	0	0	
	Total		\$181,605	\$189,830	\$189,830	\$189,830
691	Historic Commission					
	Expenses		\$1,000	\$1,000	\$1,000	
	Total		\$1,000	\$1,000	\$1,000	\$1,000
692	Celebrations					
	Memorial Day		\$2,000	\$2,000	\$2,000	
	Total		\$2,000	\$2,000	\$2,000	\$2,000
692	Townwide Celebration - Hopkinton Day					
	Expenses		\$0	\$30,000	\$30,000	
	Total		\$0	\$30,000	\$30,000	\$30,000
695	Historic District Commission					
	Expenses		\$550	\$0	\$0	
	Total		\$550	\$0	\$0	\$0
	Total Culture & Recreation		\$780,612	\$854,534	\$854,534	\$854,534

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
<u>Debt Service</u>						
700	Debt Service					
	Retirement of Debt		\$6,475,643	\$5,001,080	\$5,001,080	
	Long Term Interest		\$2,515,723	\$2,531,319	\$2,531,319	
Total Debt Service			\$8,991,366	\$7,532,399	\$7,532,399	\$7,532,399
<u>Employee Benefits & Insurance</u>						
910	Employee Benefits & Insurance					
	Unemployment Insurance		\$105,000	\$120,822	\$120,822	
	Medicare Tax		\$751,550	\$796,643	\$796,643	
	Life Insurance Premiums		\$40,000	\$46,024	\$46,024	
	Health Insurance Premium		\$8,543,549	\$9,092,158	\$9,092,158	
	Middlesex County Retirement		\$2,486,832	\$2,910,419	\$2,910,419	
	Drug and Alcohol Testing		\$5,000	\$5,753	\$5,753	
	Blanket Insurance Premiums		\$686,539	\$780,632	\$780,632	
Total Employee Benefits & Insurance			\$12,618,470	\$13,752,451	\$13,752,451	\$13,752,451
Total General Fund			\$93,113,795	\$96,393,072	\$96,393,072	\$96,393,072
<u>FUND 2400: COMMUNITY PRESERVATION</u>						
193	CPA Administration					
	Personal Services		\$11,330	\$12,095	\$12,095	
	Expenses		\$49,100	\$60,210	\$60,210	
	Total		\$60,430	\$72,305	\$72,305	\$72,305
700	Debt Service					
	Retirement of Debt		\$255,000	\$250,000	\$250,000	
	Interest on Long Term Debt		\$64,573	\$51,619	\$51,619	
	Total		\$319,573	\$301,619	\$301,619	\$301,619
Total Community Preservation			\$380,003	\$373,924	\$373,924	\$373,924

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
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FUND 6000: SEWER ENTERPRISE						
Direct Costs						
440	Sewer					
	Personal Services		\$177,742	\$174,818	\$174,818	
	Expenses		\$986,743	\$913,862	\$913,862	
	Total		\$1,164,485	\$1,088,680	\$1,088,680	\$1,088,680
700	Debt Service					
	Retirement of Debt		\$1,128,918	\$862,940	\$862,940	
	Interest on Long Term Debt		\$168,065	\$147,789	\$147,789	
	Total		\$1,296,983	\$1,010,729	\$1,010,729	\$1,010,729
	Appropriation		\$2,461,468	\$2,099,409	\$2,099,409	\$2,099,409
Water Enterprise Indirect Costs						
	Employee Benefits & Pensions		\$60,576	\$309,724	\$309,724	
	Shared Employees		\$224,846			
	Indirect Cost Total		\$285,422	\$309,724	\$309,724	\$309,724
Total Sewer Enterprise			\$2,746,890	\$2,409,133	\$2,409,133	\$2,409,133
FUND 6100: WATER ENTERPRISE						
Direct Costs						
450	Water					
	Personal Services		\$437,483	\$434,572	\$434,572	
	Expenses		\$849,500	\$860,546	\$860,546	
	Total		\$1,286,983	\$1,295,118	\$1,295,118	\$1,295,118
700	Debt Service					
	Retirement of Debt		\$1,085,028	\$639,641	\$639,641	
	Interest on Long Term Debt		\$417,025	\$260,689	\$260,689	
	Total		\$1,502,053	\$900,330	\$900,330	\$900,330
	Appropriation		\$2,789,036	\$2,195,448	\$2,195,448	\$2,195,448

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
Indirect Costs						
		Employee Benefits & Pensions	\$60,576	\$309,724	\$309,724	
		Shared Employees	\$224,846			
		Indirect Cost Total	\$285,422	\$309,724	\$309,724	\$309,724
Total Sewer Enterprise			\$2,746,890	\$2,409,133	\$2,409,133	\$2,409,133
FUND 6100: WATER ENTERPRISE						
Direct Costs						
450	Water					
		Personal Services	\$437,483	\$434,572	\$434,572	
		Expenses	\$849,500	\$860,546	\$860,546	
		Total	\$1,286,983	\$1,295,118	\$1,295,118	\$1,295,118
700	Debt Service					
		Retirement of Debt	\$1,085,028	\$639,641	\$639,641	
		Interest on Long Term Debt	\$417,025	\$260,689	\$260,689	
		Total	\$1,502,053	\$900,330	\$900,330	\$900,330
		Appropriation	\$2,789,036	\$2,195,448	\$2,195,448	\$2,195,448
Indirect Costs						
		Employee Benefits & Pensions	\$131,849	\$388,872	\$388,872	
		Shared Employees	\$243,279			
		Total	\$375,128	\$388,872	\$388,872	\$388,872
Total Water Enterprise			\$3,164,164	\$2,584,320	\$2,584,320	\$2,584,320
FUND 6200: PARKS & RECREATION						
Direct Costs						
630	Parks & Recreation					
		Personal Services		\$0		
		Expenses		\$0		
		Fruit Street Facility Operation	\$48,198	0	0	
		Total	\$48,198	\$0	\$0	\$0

			FY21 Enacted	FY22 Town Mgr. Recommend	FY22 Select Board	Appropriation Committee Recommendations
FUND 6300: PEG ACCESS						
Direct Costs						
630	PEG Access					
	Personal Services	\$253,000	\$253,000	\$253,000		
	Expenses	\$86,847	\$93,947	\$93,947		
	Capital Budget	\$180,000				
	Total	\$519,847	\$346,947	\$346,947	\$346,947	
	Total PEG Access Enterprise Fund	\$519,847	\$346,947	\$346,947	\$346,947	
Appropriation Summary*						
Fund 1000: General Fund			\$93,113,795	\$96,393,072	\$96,393,072	\$96,393,072
Fund 2400: Community Preservation			\$380,003	\$373,924	\$373,924	\$373,924
Fund 6000: Sewer Enterprise			\$2,746,890	\$2,409,133	\$2,409,133	\$2,409,133
Fund 6100: Water Enterprise			\$3,164,164	\$2,584,320	\$2,584,320	\$2,584,320
Fund 6200: Parks & Recreation Enterprise			\$49,827	\$0	\$0	\$0
Fund 6300: PEG Access Enterprise			\$519,847	\$346,947	\$346,947	\$346,947
Total			\$99,974,526	\$102,107,396	\$102,107,396	\$102,107,396

Appendices

A. Definitions

Cherry Sheet

Named for the cherry-colored paper on which it was originally printed, the Cherry Sheet is the official notification from the Commissioner of Revenue of the upcoming fiscal year's state aid and assessments to cities, towns, and regional school districts.

The purpose of the Cherry Sheet is to ensure that local budgets reflect realistic estimates of the amount of revenue a municipality and regional school district will actually receive from the state during the upcoming year, as well as the amounts that will be assessed upon local governments to pay for a variety of state or sub-state programs in which they participate. The Tax Rate Recapitulation Sheet, filed by local assessors with the Division of Local Services to certify property tax rates, must reflect the receipts and charges contained on the Cherry Sheet.

Debt Exclusion

Proposition 2 ½ allows communities to raise funds for certain purposes outside the levy limits. Subject to voter approval, a community can assess taxes in excess of its levy limit for the payment of specified debt service (principal and interest costs) for a specific capital project.

The additional amount for the payment of debt service is added to the levy limit for the life of the debt only. Unlike overrides, exclusions do not become part of the base upon which the levy limit is calculated in future years.

Enterprise Fund

An Enterprise Fund (as authorized under MGL Chapter 44 Section 53F½) is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an Enterprise Fund, all cost of service delivery - direct, indirect, and capital costs – are identified. This allows the community to recover total service costs through user fees if it chooses. Hopkinton has three enterprise funds – Water, Sewer, and Parks & Recreation.

Free Cash

Free Cash is a budgetary term created by the Commonwealth of Massachusetts Department of Revenue to describe certain funds from previous fiscal years that are available for appropriations. Free Cash is generated when actual revenue collections are in excess of budget estimates, when expenditures are less than appropriations, or both. Free Cash must be certified by the state Department of Revenue as of July 1st of each fiscal year upon submission of a community's balance sheet and cannot be appropriated until certified. Once Free Cash is certified, it is available for appropriation at the Annual or any Special Town Meeting. Free Cash may be used for any lawful municipal purpose and provides communities with the flexibility to fund additional appropriations after the tax rate has been set. Factors that affect Free Cash are: actual revenues and expenditures versus amounts budgeted; the tax collection rate; the amount appropriated in the previous year, and deficits in the general and/or other funds.

General Override

A general override can be passed to obtain additional funds over the 2.5% levy limit for any municipal purpose. A general override permanently increases the Town's levy limit. An override question may be placed on the ballot by a majority vote of the Select Board and must be passed by a majority of voters.

New Growth

Proposition 2 ½ allows a community to increase its levy limit annually by an amount based on the increased value of new development and other growth in the tax base that is **not** the result of revaluation. The purpose of this provision is to recognize that new development results in additional municipal costs; for instance, the construction of a new housing development may result in increased school enrollment, public safety costs, and so on. New growth under this provisions includes:

- New construction.
- Properties that have increased in assessed valuation since the prior year because of development or other changes.
- Exempt real property returned to the tax roll and new personal property.
- New subdivision parcels and condominium conversions.

New growth is calculated by multiplying the increase in the assessed valuation of qualifying property by the prior year's tax rate. This applies only to newly valued property, not any increase due to revaluation of existing properties. This amount is estimated for purposes of Town Meeting and is certified after the close of the fiscal year for purposes of determining the actual tax rate for the following year.

Proposition 2 ½

Proposition 2 ½, which passed as a statewide ballot initiative in November 1980, places a limit on the property tax growth a community can levy each year. The taxing capacity of the Town is limited to a 2.5 percent increase over the prior year's levy limit. In addition, the total levy may increase by taxes attributable to new growth. Therefore, without any overrides, the total levy limit is increased by 2.5 percent and a new growth amount certified by the Department of Revenue.

Proposition 2 ½ governs total taxes raised by the Town, not an individual home's bill. The Town's total revenues, the budgets, the tax rate, and the individual's property tax bill can all increase by different percentages in the same fiscal year and still be within Proposition 2 ½.

Revolving Fund

Revolving Funds allow a community to raise revenues from a specific service and use those revenues to support the service without appropriation. Each fund must be reauthorized each year at Annual Town Meeting and specify at that time (1) the programs and purposes for which the revolving fund may be expended, (2) the departmental receipts which shall be credited to the revolving fund, (3) the board, department or officer authorized to expend from such fund, (4) a limit on the total amount which may be expended from such fund in the ensuing fiscal year. The aggregate of all revolving funds may not exceed ten percent of the amount raised by taxation by the Town in the most recent fiscal year, and no more than one percent of the amount raised by taxation may be administered by a single department or board.

Stabilization Fund

A Stabilization Fund is a savings account or "Rainy Day" fund from which amounts may be appropriated for any lawful purpose. The Town may appropriate into this fund in any year an amount not to exceed ten percent of the prior year's tax levy or a larger amount as may be approved by the director of accounts. The aggregate amounts in such funds at any time shall not exceed ten percent of the equalized value, and any interest shall be added to and

become part of the fund. A Two-thirds vote of Town Meeting is required to appropriate money from the Stabilization Fund.

Underride

An underride can be passed to permanently decrease the Town's levy limit. It does not necessarily decrease taxes paid by residents. An underride may be placed on the ballot by a majority vote of the Select Board and must be passed by a majority of voters.

B. General Fund and Other Fund Debt Service by Project

This table represents only issued debt. It does not reflect any authorized but unissued, proposed or reasonably anticipated borrowings.

Annual Debt Service - General Fund	FY22	FY23	FY24	FY25		Final Payment
Purpose	Total	Total	Total	Total	Thereafter	Fiscal Year
ADA Compliance	\$5,500	\$5,300	\$6,075	\$5,825	\$16,000	FY28
ADA Compliance	\$16,775	\$16,125	\$16,450	\$15,750	\$29,400	FY27
Bucket Truck - DPW	\$23,250	\$22,250	\$21,250	\$15,375	\$0	FY25
Campus Master Plan	\$106,625	\$101,875	\$92,250	\$0	\$0	FY24
Center School Heating System	\$17,335	\$16,685	\$17,010	\$16,310	\$44,800	FY28
Center School Replacement Study	\$47,513	\$40,763	\$39,263	\$38,663	\$382,163	FY36
DPW Facility Building	\$981,150	\$948,775	\$921,525	\$895,925	\$12,800,181	FY36
Dump Truck	\$41,000	\$0	\$0	\$0	\$0	FY22
Elementary School Building	\$2,029,488	\$1,968,238	\$1,906,988	\$1,848,888	\$22,681,384	FY47
Elmwood Modular Classrooms	\$150,050	\$145,300	\$140,550	\$135,800	\$1,609,600	FY40
Elmwood School Modular Classrooms	\$15,425	\$15,750	\$15,050	\$14,350	\$0	FY25
Elmwood School Renovations	\$101,888	\$99,988	\$98,088	\$96,069	\$0	FY25
Fire Station Renovations	\$22,950	\$22,050	\$21,150	\$20,250	\$37,800	FY27
Fire Station Roof	\$44,969	\$43,469	\$37,094	\$35,844	\$388,234	FY38
Fruit St Land	\$158,916	\$0	\$0	\$0	\$0	FY22
Hayden Rowe Salt Shed	\$53,750	\$51,250	\$0	\$0	\$0	FY23
Hayden Rowe Traffic Improvements	\$100,188	\$96,688	\$93,188	\$89,688	\$625,144	FY24
High School Addition	\$262,200	\$254,950	\$247,700	\$240,450	\$3,997,750	FY50
High School Turf Field	\$173,640	\$167,640	\$161,640	\$155,640	\$1,195,380	FY34

Hopkins Modular Classrooms	\$222,100	\$215,100	\$208,100	\$201,100	\$2,429,700	FY40
HS & Hopkins Roof	\$83,700	\$80,700	\$77,700	\$76,500	\$727,219	FY36
HS Loop Road Entrance Improvements	\$11,300	\$10,800	\$5,300	\$5,200	\$5,100	FY26
Library Building	\$468,241	\$456,041	\$443,841	\$430,666	\$6,837,403	FY47
Main Street Corridor	\$85,250	\$82,250	\$79,250	\$71,375	\$549,275	FY35
Main Street Fire Station Roof	\$28,175	\$27,175	\$26,175	\$25,775	\$254,775	FY36
Middle School Auditorium	\$6,106	\$5,906	\$5,706	\$5,506	\$57,238	FY40
Middle School Repairs	\$11,475	\$11,025	\$10,575	\$10,125	\$18,900	FY27
Middle School Walls and Roof	\$35,445	\$34,095	\$31,770	\$31,445	\$86,425	FY28
Middle School Walls and Roof	\$64,475	\$61,050	\$59,625	\$59,125	\$156,875	FY28
Multi-Purpose Tractor - DPW	\$40,375	\$33,750	\$32,250	\$30,750	\$0	FY25
Municipal Parking - 6 Walcott Street	\$39,555	\$38,305	\$37,055	\$35,805	\$434,448	FY40
Police Station Construction	\$36,050	\$35,350	\$0	\$0	\$0	FY23
Police Station Construction	\$225,250	\$216,000	\$196,950	\$0	\$0	FY24
Prop Acq 102 Fruit Street	\$188,388	\$176,638	\$170,138	\$167,538	\$1,656,038	FY36
Prop Acq 135 Hayden Rowe	\$133,531	\$128,781	\$124,031	\$122,131	\$1,197,031	FY36
Prop Acq 147 Hayden Rowe	\$112,000	\$108,000	\$104,000	\$102,400	\$987,744	FY36
Prop Acq 15 Claflin	\$20,306	\$19,556	\$18,806	\$18,506	\$153,975	FY36
Public Safety Software	\$47,575	\$45,825	\$44,075	\$42,325	\$177,675	FY30
Sandy Beach Renovation	\$31,200	\$30,600	\$0	\$0	\$0	FY23
School Building & Grounds Renovations	\$31,775	\$30,425	\$29,075	\$28,700	\$0	FY25
School Bus Parking Lot	\$28,968	\$27,968	\$26,968	\$25,968	\$200,104	FY35
School Improvements	\$13,117	\$8,767	\$10,467	\$11,092	\$119,058	FY40
School St/West Main St Traffic Signal	\$52,000	\$51,000	\$0	\$0	\$0	FY23
School Technology	\$25,550	\$24,550	\$18,675	\$17,925	\$64,425	FY29
Security Cameras - School	\$46,250	\$39,375	\$37,625	\$35,875	\$0	FY25
Senior Center Construction	\$94,175	\$89,350	\$85,550	\$82,725	\$77,900	FY26
Senior Center Construction	\$137,350	\$131,750	\$127,125	\$121,475	\$115,825	FY26
Senior Center Water Main	\$5,125	\$0	\$0	\$0	\$0	FY22
Senior Center Construction	\$5,150	\$5,050	\$0	\$0	\$0	FY23
Sidewalk Construction	\$142,813	\$137,063	\$131,313	\$129,013	\$600,525	FY30
Title V - Septic Program	\$9,458	\$9,458	\$0	\$0	\$0	FY23
Title V - Septic Program	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	FY26
Title V - Septic Program	\$10,000	\$10,000	\$10,000	\$10,000	\$20,000	FY26

Title V - Septic Program	\$10,000	\$10,000	\$10,000	\$10,000	\$60,000	FY26
Title V - Septic Program	\$25,000	\$25,000	\$25,000	\$25,000	\$150,000	FY31
Town Hall Basement	\$11,600	\$11,100	\$10,600	\$10,400	\$10,200	FY26
Town Hall Roof Improvements	\$11,600	\$11,100	\$10,600	\$10,400	\$10,200	FY26
Total	\$6,913,037	\$6,465,996	\$6,053,613	\$5,589,669	\$60,975,892	

C. Current Debt Payments and Forecast

General Fund Debt		
	Current Debt P&I	Current + Authorized P&I
FY18*	\$6,216,354	\$6,216,354
FY19*	\$7,939,618	\$7,939,618
FY20*	\$6,890,401	\$6,890,401
FY21*	\$7,326,699	\$7,428,439
FY22	\$6,913,037	\$7,080,976
FY23	\$6,465,996	\$6,629,427
FY24	\$6,053,613	\$6,212,536
FY25	\$5,589,669	\$5,744,084
FY26	\$5,203,150	\$5,353,058
FY27	\$4,823,250	\$4,968,650
FY28	\$4,636,560	\$4,777,452
FY29	\$4,423,051	\$4,559,436
FY30	\$4,322,586	\$4,454,462
FY31	\$4,072,495	\$4,199,864
FY32	\$3,938,508	\$4,061,368
FY33	\$3,851,806	\$3,970,159
FY34	\$3,691,018	\$3,804,863
FY35	\$3,445,299	\$3,554,636
FY36	\$3,319,355	\$3,424,185
FY37	\$2,654,479	\$2,683,044
FY38	\$2,602,015	\$2,629,752
FY39	\$1,479,165	\$1,506,074
FY40	\$1,439,154	\$1,465,235
FY41	\$1,123,281	\$1,148,534

FY42	\$1,092,289	\$1,116,714
FY43	\$1,061,296	\$1,084,893
FY44	\$1,030,304	\$1,053,073
FY45	\$999,311	\$1,021,252
FY46	\$968,319	\$989,432
FY47	\$937,116	\$957,401
FY48	\$149,870	\$169,327
FY49	\$146,580	\$165,209
FY50	\$143,290	\$161,091
FY51	\$0	\$16,973
Total FY22-FY51	\$86,575,862	\$88,963,160

*Amounts shown are net of state MSBA school construction reimbursement through FY 2021

Current Debt P&I - Principle and Interest payments for bonds that have been issued by the Town.

Current + Authorized P&I - Principle and Interest Payments for bonds that have been issued by the Town plus authorizations that have been granted to the Town Treasurer, through Town Meeting, but not yet issued.

Community Preservation Act Funds	
	Current Debt P&I
FY18*	\$195,719
FY19*	\$232,581
FY20*	\$218,594
FY21*	\$319,573
FY22	\$301,619
FY23	\$293,019
FY24	\$149,544
FY25	\$144,544
FY26	\$139,544
FY27	\$134,644
FY28	\$129,944
FY29	\$126,469
FY30	\$54,775
FY31	\$53,675

FY32	\$52,450
FY33	\$51,194
FY34	\$49,938
FY35	\$48,625
FY36	\$47,250
FY37	\$20,900
FY38	\$20,300
Total FY22-FY38	\$1,818,431

Current Debt P&I - Principle and Interest payments for bonds that have been issued by the Town.

Water Enterprise Fund		
	Current Debt P&I	Current + Authorized P&I
FY18*	\$700,848	\$700,848
FY19*	\$858,792	\$858,792
FY20*	\$755,332	\$755,332
FY21*	\$907,546	\$907,546
FY22	\$747,363	\$815,671
FY23	\$677,688	\$744,616
FY24	\$647,395	\$712,942
FY25	\$628,799	\$692,967
FY26	\$531,002	\$593,790
FY27	\$503,628	\$565,036
FY28	\$422,197	\$482,225
FY29	\$340,705	\$399,353
FY30	\$334,252	\$391,520
FY31	\$327,499	\$383,386
FY32	\$305,643	\$360,150
FY33	\$299,298	\$352,425
FY34	\$282,963	\$334,710
FY35	\$266,601	\$316,969
FY36	\$260,235	\$309,223
FY37	\$253,880	\$301,488
FY38	\$232,733	\$278,961

FY39	\$148,005	\$192,853
FY40	\$144,416	\$187,884
FY41	\$37,069	\$79,157
FY42	\$35,981	\$76,690
FY43	\$34,894	\$74,222
FY44	\$33,806	\$71,755
FY45	\$32,719	\$69,287
FY46	\$31,631	\$66,820
FY47	\$30,544	\$64,352
FY48		\$32,429
FY49		\$31,049
FY50		\$29,669
FY51		\$28,289
Total FY22-FY47	\$7,590,946	\$9,039,888

Current Debt P&I - Principle and Interest payments for bonds that have been issued by the Town.

Current + Authorized P&I - Principle and Interest Payments for bonds that have been issued by the Town plus authorizations that have been granted to the Town Treasurer, through Town Meeting, but not yet issued.

Sewer Enterprise Fund		
	Current Debt P&I	Current + Authorized P&I
FY18*	\$1,741,075	\$1,741,075
FY19*	\$1,701,387	\$1,701,387
FY20*	\$1,331,098	\$1,331,098
FY21*	\$1,296,983	\$1,296,983
FY22	\$990,445	\$1,010,730
FY23	\$981,700	\$1,001,157
FY24	\$912,718	\$931,347
FY25	\$906,461	\$924,262
FY26	\$812,249	\$829,223

FY27	\$806,574	\$806,574
FY28	\$788,851	\$788,851
FY29	\$776,313	\$776,313
FY30	\$772,935	\$772,935
FY31	\$669,540	\$669,540
FY32	\$289,234	\$289,234
FY33	\$289,233	\$289,233
FY34	\$768	\$768
FY35	\$768	\$768
FY36	\$768	\$768
Total FY22-FY46	\$8,998,557	\$9,091,703

Current Debt P&I - Principle and Interest payments for bonds that have been issued by the Town.

Current + Authorized P&I - Principle and Interest Payments for bonds that have been issued by the Town plus authorizations that have been granted to the Town Treasurer, through Town Meeting, but not yet issued.