

Town of Hopkinton



Appropriation Committee Report with
Recommendations Annual Town Meeting

May 5, 2025

Approved: Apr 16, 2025

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Executive Summary

- The FY26 tax impact for all matters proposed would be 2.29% on existing property owners for the operating budget, and an additional 3.84% in FY26 when we borrow \$80 million dollars based on the expenditure schedule for the Hopkins and Charleswood Schools and 1.62% increase in new growth. This would bring the tax bill for the “average” \$918,700 home from \$13,050 to \$13,849.
- The proposal complies with recommendations in the Town’s Financial Policy and is within the constraints of the Proposition 2 ½ limit on growth in the tax levy. It reflects a strong awareness of the tax impact and addresses the long-term financial stability by funding key liabilities and reserves.
- The balanced General Government Fund budget recommended sources and uses of funds for Fiscal Year (FY) 2026 are \$137.996 million, up 12% from FY 2025. Key changes are:
 - Hopkinton Public Schools funding increase, \$3.630 million, 5.8%.
 - Town and School Employee Benefits/Insurance increase, \$2,162 million, 11.3%.
 - All other departments (non-School) combined increase, \$792,211, 3.25%
 - All general fund capital expenditures will be funded with Free Cash and/or reappropriated capital surplus for a total of \$7,538,696
- Budgeted New Growth projections are down, 7.8% in FY26 at \$1,600,000 as compared to the \$1.733 million in FY25.
- Litigation cases (2017-2022) with Hopkinton LNG have been withdrawn and there are no other pending cases for 2023 or 2024. A real estate abatement in the amount of \$100,000 was processed to cover the 16 outstanding LNG cases.
- The Board of Assessors voted to transfer \$4 million dollars from the Overlay Account to the Overlay Surplus in September 2024, which can be appropriated or will go into the general fund balance at the end of 2026.
- Anticipated Local Receipts are increased 8% to \$6.6 million, but that remains conservative due to the uncertainty in the current political environment.
- Funds to be drawn from available Certified Free Cash are recommended to be up almost 300%, from \$5.7 million in FY 2025, to \$15,846,246.12 in FY 2026.

Budget Narrative

To the Citizens of Hopkinton:

This Report provides layers of details about a wide range of Town financial issues. Some readers will be interested in a close and comprehensive review of this substantial document. For readers with limited time who prefer an overview of the largest dollar value issues, a review of this Summary Narrative, the General Fund Sources and Uses of Funds (pages 4-7), and the proposed General Fund capital expenditures (page 7) is recommended.

The Hopkinton Appropriation Committee (the Committee) has reviewed and recommends the proposed fiscal year (FY) 2026 General Fund operating spending, pay as you go capital spending, debt principal and interest payments on capital items, and contributions to the Other Post Employment Benefit Trust Fund, totaling \$137,996,736 for the period commencing July 1, 2025, as presented by the Town Manager and Select Board.

The overarching priorities reflected in this budget align with the sustainment of key services, enhancement of services in the Hopkinton Public Schools, and preservation of the Town's stability as an economic enterprise. Key aspects of this budget proposal include:

- Sustain municipal services at FY 2025 level, with service level increases in Public Education.
- Meet contractual obligations and specific expense inflationary costs.
- Provide capital funding using 100% Free Cash, which eliminates any further tax impact to the residents of Hopkinton. The Adaptive Playground at the Marathon School, Pavement Management Plan, and the DiCarlo, Barbara, Peppercorn Roadway Improvements were all deferred by the Capital Improvement Committee during the capital planning process. The Adaptive Playground project is on the Annual Town Meeting Warrant as a separate funding article.
- Build general (operating) stabilization fund balances to target levels identified in policy. Contribute \$5 million to Capital Stabilization using Free Cash due to upcoming capital requests.
- Provide for growth and demographic changes in the Hopkinton Public Schools, cover the health insurance costs increases across Town Departments, and fund inflationary cost increases in operating budgets, including utilities for municipal facilities.

The proposed budget adheres to Financial Policy objectives and supports the Town's long-term financial fiscal health, including:

- Funding recurring expenditures (e.g. payroll, debt) with recurring resources, rather than one-time resources.
- Continued contribution of \$700,000 to the Town's General Stabilization Fund (\$6,510,274) to bring that fund in excess of the target of 5% of operating spend ($\$114,637,590 \times 5\% = \$5,746,879$). Continued contribution of \$875,012 to Other (Health Care) Post Employment Benefits Fund (\$7,129,412) on a tempo to achieve full funding in the early to mid 2050's.

While immediate needs are met by this budget, multi-year projections will be a challenge in FY 2027 and beyond. With New Growth in the tax base projected to decrease as planning restrictions continue to limit residential development outside the Town center, it is difficult to see how the Town will continue to fund operating budget increases that are above the tax levy rise from the allowable 2.5% increase in the coming years. This topic has been an ongoing subject of discussion/study by the Select Board, Appropriation Committee and the Capital Improvement Committee. Tax impact is always an area of concern, especially for seniors, young families and others in our community struggling with inflation.

Moving forward into FY26, capital spending should be focused on necessity. Equipment and vehicles that are immediately necessary to sustain services, and minimum infrastructure improvements to mitigate Town liability, and ensure safety, should be the only items approved for spending.

In FY 2026, prior to borrowing \$80 million, General Fund Debt (principal and interest due) is 67.17% (\$77,007,684) of the Departmental Operating Budget (\$77M/\$114M) and 1.14% of the taxable value of all property in the Town (\$77M/\$6.749B).

General Fund Debt is expected to increase to \$207,515,702 (Principal \$141,965,548 and Interest \$65,550,154, for the life of the loan) based on borrowing \$80 million dollars for Hopkins and Charleswood School projects in FY26. According to the expenditure schedules for these School projects, the Town will borrow \$40 million in FY27 and \$20 million in FY28. This does not include any other new capital expenditures at the current time.

Debt at these new unprecedented levels is very likely to have a deleterious effect on the Town's bond rating, currently a Standard and Poors AAA, which allows for borrowing at the very lowest possible interest rates. The bond rating impact is likely to even further compound the cost of accumulating high levels of debt, through higher interest rates. The Town will take a proactive approach with the rating agencies in an effort to understand the impact of our borrowing decisions and provide transparency to the residents of Hopkinton. We recognize there is more to our AAA rating than our debt, but it does have a significant impact.

This report was developed as part of a budget process that was initiated when the Town Manager proposed specific FY 2026 budget guidance to the Select Board on October 1, 2024. Subsequent to Select Board approval of that guidance, departmental budgets and capital plans were developed by Town departments, the Hopkinton Public Schools, Commissions, Boards and Committees. The Town Manager conducted detailed budget reviews, and requests were reviewed in detail at public meetings by the Select Board, the Appropriation Committee and – for capital requests – by the Capital Improvement Committee.

General Fund Sources of Funds

The Town operates under a financial regulatory regime administered by the Massachusetts Department of Revenue. As part of the regulatory framework, municipalities are required to develop balanced budgets where reliable estimates of revenues are projected, and where those projected revenues are sufficient to fund all expenditures authorized by Town Meeting for the coming year. In Hopkinton's General Government Fund budget, these important projected revenues are identified as "Sources of Funds."

Because of the reliance on estimated revenues in the budgeting process, there is some risk that estimates will not be realized and that budget shortfalls may occur. That risk can be heightened in periods of economic or physical stress, such as a pandemic, an economic recession, or a major natural disaster. In response to that risk, forward-looking municipalities like Hopkinton conduct "stress tests" on projected revenues. These stress tests conclude that Hopkinton has a very high to excellent degree of resilience and reliability in a very high majority of the Town's revenue sources, with an additional layer of resilience and reliability provided by available financial reserves; the Town's revenue stability is outstanding. While a substantial portion of revenues can be projected with good reliability, the Town of Hopkinton, like every enterprise, remains susceptible to cost (expense) spikes which are difficult to project. For example, spikes in the cost of construction materials, and health care costs over the past several years were not predicted by the Town, or by most other organizations. A discussion of revenue stress testing is included in this report.

Property tax receipts are expected to generate net revenue for the operating budget of \$106,237,441, with \$1,600,000 of that amount coming from new growth in the tax base mostly tied to ongoing new residential construction. Tax revenue to support debt payments excluded from the proposition 2 ½ limits will rise by \$3,785,841, due to the approved 2024 Annual Town Meeting articles and planned FY26 borrowing needs for the Town/School projects. In the proposed budget, net property taxes will account for 77% of Town operating revenue; roughly the same percentage as in FY 2025. Based on current year assessments, 82% of property tax revenue is expected to come from residential property, 7% from industrial property, 3% from commercial property, and 8% from taxable business personal property.

The Town allocates amounts into an Overlay Account to act as a special reserve for cases where property tax appeals are granted or where taxpayers successfully appeal to State tax courts. Over the past several years, the Town has had few appeals, an average of 50 per year, or about three quarters of one percent of all tax accounts. Over the past five years (FY20-FY24), the average amount of abatements granted by the Board of Assessors or Appellate Tax Board has been \$76,000 per year, which has been about one-tenth of 1% of property taxes levied; meaning that about 99.9% of the property taxes levied have been either uncontested or validated on appeal. This is a very strong indication of the soundness of Hopkinton's tax assessment process.

The Town has processed a real estate tax abatement for \$100,000 to Hopkinton LNG d/b/a Eversource Energy that covers 16 outstanding cases at the Appellate Tax Board on both real estate and personal property from fiscal years 2017-2022. The value difference between our assessed values and what LNG claimed was approximately \$266.4 million dollars, with a potential tax liability of \$4.5 million dollars. The Town has been holding that money in the Overlay Account. All of those cases have been withdrawn

and there are no additional pending cases with LNG. Therefore, the Board of Assessors voted to transfer \$4 million dollars from the Overlay Account to the Overlay Surplus. Overlay Surplus may now be appropriated by the legislative body for any lawful purpose until the end of the FY25 fiscal year. If the Overlay Surplus is not appropriated by fiscal year-end close, the money is moved to the General Fund undesignated fund balance. As you will see in the Sources and Uses section, page 19, we are proposing to use \$109,607 from the Overlay Surplus to balance the budget in FY26.

As noted above, the operating budget is supported by an estimated \$1,600,000 in additional tax revenue from new growth. There are construction projects that are anticipated to kick off in 2025-2026. They include: New condominium construction on Waterville Lane, new single family construction on Honeybee Pass and Lincoln Street, Emerald Drive at the Connelly Farms Subdivision and Whisper Way. The new growth figure is also contingent on how many houses Toll Brothers will build in 2025, but we anticipate 10 or less.

The personal property growth for Fiscal Year 2025 included an \$8M dollar value from a new solar development at 69 Frankland Road. There are no other pending solar proposals at this time.

There will be a new \$5M dollar pickleball facility on East Main Street, but that will just be starting in the Spring of 2025. Given a few new construction projects, we might have up to a \$1M in growth for that next year. We also anticipate that construction will start on the redevelopment of the former Hopkinton Drug building that will include retail space and 60 apartment units. We are not sure when we will be able to include that in our new growth calculation, but it may be the calendar year 2026.

The budget shows local aid from the Commonwealth of \$11,922,132 up slightly (3.1%) from the amount budgeted for FY 2025; while payments to state-sponsored cooperative programs including public transportation, charter school tuition, and mosquito control of \$422,469 are up by 3.1% from charges actually levied in FY 2025. Local receipts, including motor vehicle excise taxes and interest income, are expected to be up 8%.

The Town's Free Cash balance was certified at \$18,104,353 in March 2025. The increase from FY24 is primarily due to increased interest income on the Town's investments/deposits and ARPA funds being used to pay for health/benefits in FY24.

The proposed FY 2026 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 \$18,104,353 from the Town's certified Free Cash carried forward from previous years is being used to provide \$875,012 to the Other Post-Employment Benefits (OPEB) Liability Trust Fund, \$6,626,196 toward pay-as-you-go capital items, and \$700,000 to increase the Town General Stabilization Fund.

An additional \$5 million will be appropriated to the Capital Stabilization Fund in an effort to build up that balance for future capital expenditures. The more stabilization money Hopkinton has, the less borrowing the Town will need to absorb for capital improvements in the future.

Town financial policies indicate that the use of one-time funding like certified free cash to support

operating spending should be avoided when possible, such funds were used in FY 2018 (\$1,024,143), FY 2020 (\$257,995), FY 2021 (\$1,033,815), FY 2022 (\$692,348); FY 2023 (\$919,849); FY2024 (\$0); FY2025 (\$0). Overall, the recommendation is largely supportive of Town Financial Policy, except for the limited use of on-time funding to support recurring expenses.

As of March 1, 2025, the Town had the following stabilization balances: General Fund Operating Stabilization Fund \$5,810,274; General Fund Capital Stabilization Fund \$375,683; for a combined total of \$6,185,957. The School Stabilization Fund had a February 29, 2025 balance of \$1,200,196.

The Committee specifically recommends the proposed \$700,000 contribution to the General Stabilization Fund as part of a multi-year effort to keep the Stabilization reserve proportionate to the overall budget.

General Fund Uses of Funds

The General Fund operating budget includes \$92,323,592 to fund the operation of Town and School Departments, \$1,046,276 for the Special Education Out of District Tuition Fund, \$21,267,722 for employee benefits and insurance, and \$12,887,957 to support the payment of principal and interest on general government debt. The budget contains a transfer of \$875,012 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; \$5 million to Capital Stabilization given our 5-year capital planning; and a \$700,000 addition to the General Fund Stabilization Trust Fund.

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. General Fund principal and interest payments of \$12,887,957 for past and proposed capital projects funded from debt represents 11.24% 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 \$77,007,684. General Fund Debt is expected to increase to \$207,515,702 (Principal \$141,965,548 and Interest \$65,550,154 for the life of the loan) based on borrowing \$80 million dollars for Hopkins and Charleswood School projects in FY26. With the approved capital projects and associated borrowings, we are at 62% of our statutory debt limit of \$337,455,263. (Equalization valuation \$6,749,105,266 X 5%)

However, it is noteworthy that even with these levels of revenue stability, stabilization reserves, and the Town's other strengths as a financial enterprise, when combining our current debt of \$77 million and the expected borrowings for the next few years, we will be at 93% of our debt limit. It is important to note that none of the capital projects for FY27 and beyond, are included in that total yet.

Paying down our issued debt will be a priority for us in the coming years. For FY26, we are planning to pay off the 2013 Bond in the amount of \$506,188 using our excess Free Cash.

The Town's actuary computed that as of June 30, 2024, Hopkinton had a liability for future retiree health benefits that have already been earned, OPEB, of \$41,691,040, partially covered by a trust fund balance of \$6,254,400 as of 06/30/2024, which is a 15% funding level for the liability. That is slightly up from the 11.13% funding level as was reported at the May, 2024 Town Meeting.

The Town had \$7,567,734 of OPEB assets as of March 1, 2025. The Town is expected to contribute \$875,012 for FY 2025, increasing by 2.5% annually thereafter. These contributions are made in addition to the pay-as-you-go costs. The contributions have the Town on track to have the pension fully funded in 2048, and thereafter only the lower contribution for the cost of benefit earned during the year will be required. For the year ending June 30, 2024, the Plan saw a gain of \$1.185 million or 2.84% of the beginning Total OPEB Liability (TOL). A more detailed discussion is provided in the OPEB Liability Trust Fund section of this report.

The Town of Hopkinton is a participant in the Middlesex County Retirement System with 179 retirees in the system (down from 185 last May) and 420 active enrolled participants (up from 389 last May).

The Town, along with the broader economy, is feeling the impact of a period of higher inflation in the economy. From 2016 - 2021, inflation was very low, averaging under 2.0% per year over that period. In February 2021 the (Bureau of Labor Statistics) Consumer Price Index price increase for the prior twelve months was 1.7%; by February 2022 the Consumer Price Index price increase for the prior twelve months had risen to 7.9%, and as of February 2023 that measure has moderated somewhat to 6.0%. Between January 2024 and January 2025, the Consumer Price Index increased 3.0%. On the negative side, inflation puts wage pressure on the Town as an employer and has increased the cost of temporary borrowing the Town is involved in. Mitigating that somewhat, the Town typically has \$90 million or more in deposits, and those deposits have earned over \$4 million in interest income during FY24.

Sustained inflation, as we have experienced, will continue to be very impactful in FY 2026 and beyond. Although no projects have been finalized or approved, the Town's five year capital plan shows needs of nearly \$56 million, not including the potential (\$25M) MWRA connection. Taking on this level of debt would result in a significant tax burden under any economic conditions, but doing so in a sustained period of high inflation would be especially costly to the taxpayers.

Capital Proposals

The FY 2026 budget includes 18 pay-as-you-go projects which are proposed to be funded from available resources, for a total of \$6,695,621. Projects for Information Technology, Police, Communications, Hopkinton Public Schools, Facilities, Parks and Recreation and Public Works are proposed in detail in the budget, to be funded from Certified Free Cash and the Ambulance Fund held by the Town.

Revolving Funds

A revolving fund is a partitioned account that accepts user fees as revenues and also earmarks those revenues to support an authorized activity, program, or service. There are over thirty specific provisions of Massachusetts General Law that allow for the establishment of revolving funds for various purposes. Revolving funds are ideal to support specific programs and facilities that provide a specific benefit to individual users who can be assessed fees; as opposed to general programs that provide broad benefit to the community, which are funded from general revenues.

Hopkinton has created several dozen revolving funds, including: a School Bus Fee Revolving Fund that collects bus fees from families and uses the proceeds to cover student transportation costs; Building

Inspector Revolving Funds that accept building permit fees and use the proceeds to cover inspection staff costs; and a Parks and Recreation Fruit Street Athletic Field Revolving Fund that collects field rental fees and uses the proceeds to cover field maintenance costs and to accumulate surplus revenue to help offset the eventual replacement of the fields.

Enterprise Funds

As of September 2024, the Town of Hopkinton established a Water and Sewer Advisory Board. The purpose of the Water and Sewer Advisory Board is to advise the Select Board and Town Manager on the following:

- Policy matters involving the municipal water and sewer systems.
- The finances of the water and sewer enterprise funds.
- Regional water and sewer system matters and opportunities.
- Issues pertaining to contaminants, PFAS, health concerns, and the like that affect the municipal water supply or sewer system.

All operating costs of the Water Enterprise are borne by water users who pay fees for water. The Town Water Enterprise is budgeted to spend \$2,056,949 for salaries, benefits, operating expenses, and indirect costs in fiscal year 2026. The proposed budget for the Water Enterprise also includes \$577,470.99 to pay principal and interest on previous capital purchases, detailed later in this report.

Presently, the Water Enterprise is both a producer and distributor of water, serving connected homes and businesses. However, as a result of contamination challenges with the groundwater wells that support water production, the Water Enterprise is reviewing a plan to develop a near-term connection to the Massachusetts Water Resource Authority (MWRA) supply through the Town of Southborough. This is the first step in a multi-phased project to ensure a safe, sustainable, long-term water supply for the community. Connection to the MWRA will involve connection and construction costs and then ongoing payments for water used.

All costs of the Sewer Enterprise are borne by sewer system users who pay fees for sewer service. The Town Sewer Enterprise is budgeted to spend \$1,357,780.84 for salaries, benefits, operating expenses, and indirect costs for FY 2026. The proposed budget for the Sewer Enterprise also includes \$824,123.93 to pay principal and interest on previous capital purchases and the intermunicipal agreement with Westborough.

Water and Sewer Enterprise rates for FY 2026 will be set by the Select Board at a rate hearing in June, 2025. In setting water rates, the Select Board will consider available resources, hear from the Advisory Board and consider the costs associated with connection to the MWRA. Sewer rates are expected to remain stable for the next several years.

Community Preservation Funds

Massachusetts towns are allowed to adopt a surcharge of up to 3% on property taxes to fund a local Community Preservation Fund, which can be used to acquire and preserve open space and historic sites,

to create and support affordable housing and to develop outdoor recreational activities. Hopkinton voted to accept a 2% surcharge under this provision in 2001. Funds generated locally receive a match from a State Trust Fund, with the amount of match varying based on the level of State Trust Funds available.

As of 3/4/2025, \$11,309,092 was available in the various reserve accounts, including encumbrances. Open Space \$1.3 million, \$1.1 million in Historic Resources and \$1.247 million in Community Housing Preservation are examples of the reserve accounts.

The FY 2026 proposed budget calls for \$1.218 million in spending on nine projects and \$373,071 on debt service and administrative costs. CPC revenue is based on 2% of the real estate tax collected for residential, commercial and industrial properties. For FY 2026, expected revenue is \$1,684,698.08 with a State Match \$251,102.

Conclusion

The Committee continues to express concerns about sustaining the budget in the coming years. Forecasting by Town departments over fiscal years 2027 - 2030 shows anticipated deficits currently estimated to grow to over \$19 million by fiscal year 2030, arising from a drop off in new growth revenue and increases in departmental expenses. In the 5 year capital plan, the 5 year forecast is for \$56 million in General Fund expenses, \$33 million in Water Enterprise and \$7 million in Sewer Enterprise.

The emerging structural imbalance in the budget, combined with an expected surge of requested school and other Town construction spending, will be a financial management challenge for the Town in coming years, which as discussed above, could see property tax rates rise by 10% to 50% within three to five years.

Added to a significant water rate increase for Water Utility customers in connection with costly plans to address PFAS contamination, Hopkinton taxpayers face a difficult road ahead. The Appropriation Committee believes that Town Meeting and voters will have an essential role in evaluating and setting priorities for service delivery and capital improvements in the 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, the Hopkinton Appropriation Committee:

Michael Manning, Chair
Jean Bertschmann

Michael Arakelian
Caroline Lu

Bill Flannery
Kyla LaPierre, Hopkinton CFO (ex officio)



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE
Elaine Lazarus, Town Manager

TO: Town of Hopkinton Select Board
FROM: Elaine Lazarus, Town Manager
DATE: January 16, 2025
RE: Fiscal Year (FY) 2026 Comprehensive Budget Transmittal

REF: My memo; Fiscal Year 2026 Budget Development of October 1, 2024

As directed by the Select Board, this memorandum provides a timely budget transmittal for FY 2026. This memo presents a budget approach that:

- Is within the constraints of the Proposition 2 ½ limit on growth in the tax levy;
- Complies with the Town's financial policies;
- Incorporates the use of funds available from:
 - Projected new growth in the residential, commercial, and industrial tax base,
 - Projected Local Aid from the Commonwealth, anticipated to be flat,
 - Projected increases in Local Receipts, such as interest income,
 - Certified one-time funds remaining from prior fiscal years;
- Reflects a sensitivity to tax impact in the operating budget;
- Streamlines the provision of some services; and
- Addresses long-term financial stability by funding key liabilities and reserves.

But this approach does not result in a balanced budget. There is a \$1,881,664 gap between anticipated revenues and proposed expenses. This memo describes the current situation and provides options for moving forward together. It should also be noted that as of the date of this memo, the School Committee has not yet voted on a recommended budget. The numbers used here are based on the most recent proposed School Department budget.

Sources of Funds

For the General Fund, this budget forecasts revenues of \$134,048,564, 8.3% above the budgeted revenue level for FY 2025, and detailed in Enclosure (1). This rise is attributable to several factors. Foremost, the tax levy is rising by \$3,858,462, with \$2,258,462 tied to the statutory 2.5%

increase in the tax levy and the remainder tied to new growth accrued in FY 2025 and expected in FY 2026, and new billings to property owners for debt for the Charleswood School and the Hopkins School renovation. It is noteworthy that budgeted New Growth projections are down in FY 2026 but Local Receipts are expected to increase by approximately 8%.

The following additional notable changes to estimates are incorporated into this transmittal:

- The Town transferred \$4 million dollars from the Overlay account to the General Fund. Eversource LLC tax appeals were settled and the Board of Assessors has released a portion of the reserve.
- Local Receipts are budgeted up from \$6.1 million to \$6.6 million as returns on Town deposits have benefitted from the jump in interest rates, earnings, and diversification.
- Based on a review of capital proposals, funds to be drawn from available Certified Free Cash remaining are recommended to be up, from \$4.4 million in FY 2025, to \$6.5 million in FY 2026, substantially driven by \$3.2 million for a new Public Safety Radio System. As of the date of this memo, Free Cash certification is pending and should be received soon.

I note that the State Aid number is estimated to be the same as in FY 2025, based on information received by the Town at this time. Employee benefits and insurance is estimated at a 9.7% increase at this time. More firm numbers will be forthcoming on both of these within the next few months.

Uses of Funds

Town Departments were requested to provide Level Service budgets for FY 2026, and to identify any special circumstances due to regulatory and statutory requirements, community growth, and community needs that aid the most vulnerable. Departments were also requested to identify any requests for one-time expenses. The aggregated budgets resulted in a 11.1% increase and a \$3,061,844 budget shortfall (7% increase for Town, 6.4% increase for Schools). The Town Manager and Chief Financial Officer then requested that Departments reduce budgets to a maximum 1.3% increase. Reductions totalled \$1,731,843 which reflected deep cuts including:

- Holiday lights on the Common
- Town Common fountain maintenance
- Financial aid for Parks & Rec. programs
- Reduce stormwater program to bare minimum compliance with permit
- Conferences and training
- Membership dues and licenses for departments and staff
- Weekend hours at the Library
- Staff reductions
- Investments necessary for future savings and preventative facility/building maintenance

- Office equipment
- Technology support, services and consulting for all Town departments
- No new payroll system
- Beach water testing (close Sandy Beach)
- Nursing and vaccination services
- Reduced landscaping - no service at new facilities or locations (skatepark, pickleball, trails, public spaces)

Due to the severity of these reductions and the very negative impact on Town services to residents, I have recommended a budget that does not include many of the reductions listed above. The proposed budget for Town departments (non-School) retains core services and important services, but is less than level service in some areas. It is \$1,013,395 lower than the initial budget requests submitted by Town departments. The Town Manager recommended budget includes \$24,929,165 for department operating expenses, a 3.34% increase over FY 2025. The changes to Department budget requests can be discussed in greater detail at the upcoming budget review meetings.

The largest portion of the Town's budget is for Public Education, but we are one organization, with cross-departmental cooperation, services and work. It is important to note that without reductions in the Education budget or an increase in revenues that get to a balanced budget, there will be very deep service and personnel cuts on the Town side to achieve a balanced budget. It is important to note that the Town supports the Education budget too, including providing employee health insurance, workers compensation insurance, services and benefits for retirees, general insurance (property, auto, general and professional liability, etc.), financial management software, payroll services, nursing and vaccination support, water and sewer, and snow plowing.

On the positive side, a review of services this past fall and the bottom-up development of the Town budget resulted in some streamlined and consolidated services, including:

1. AED (Automatic External Defibrillator) Service - The Town has AEDs in multiple buildings and locations, and there were several contracts for outside vendor services for regular service and inspections. The Fire Department has offered to provide these necessary services in locations not serviced before, at a cost reduction of \$8,138 with an 8 year warranty.
2. Landscaping - Multiple departments were paying private landscapers to provide mowing and spring/fall cleanup at several locations throughout Town, at places not maintained by the DPW. These have now been consolidated into one landscaping contract, managed by the DPW.
3. Training - Some or all of the training expenses for some departments will be paid through the existing Human Resources Department training budget, for a cost savings of \$62,380.

The budget displays expenditures of \$135,930,228, which is \$1,881,664 more than the projected sources of funds, for a budget proposal that is not yet balanced. A summary of projected Uses of Funds is provided in Enclosure (1).

If the Town were to fund spending at the levels requested in the enclosures to this memo, the budget would:

- Sustain most municipal services at FY 2025 level
- Meet contractual obligations and specific expense inflationary costs
- Provide capital funding for necessary projects, but not at the level requested
- Build general stabilization fund balances to target levels identified in policy
- Cover expected health insurance cost increases across Town Departments, fund inflationary cost increases, and consider employee retention.

The proposed budget supports the Town's long-term fiscal health, including:

- A contribution of \$875,012 to Other (Health Care) Post Employment Benefits Fund on a tempo to achieve full funding in the early to mid 2050's.
- A contribution of \$700,000 to the Town's General Stabilization Fund, to bring that fund close to the target 5% of operating spending, as the Town budget grows at a pace that is greater than our Proposition 2.5 tax levy increase
- Funding recurring expenditures (e.g., payroll, debt) with recurring resources, rather than with one-time resources.

In last year's budget transmittal memo, the Town Manager warned:

While this recommendation provides a balanced budget proposal for FY 2025, the multi-year picture is less sanguine. With New Growth in the tax base projected to stabilize at around \$1.5 million as planning restrictions continue to limit residential development outside the Town center, it is difficult to see how the Town can continue to fund operating budget increases that are millions of dollars above the tax levy rise from the allowable 2.5% increase in the coming years. This topic has been the subject of much study and discussion by the Select Board and the Appropriation Committee. I project that a budget that is unsolvable within the limits of Proposition 2 ½ may be a year or two away.

Well, we are there now, and there are decisions to make. Options for discussion include:

1. Reduce expenditures to match revenues, in both Town and School budgets.

2. Supplement budgets with Free Cash to support one-time expenditures, town-wide events and the like, which are typically supported in operating budgets. Reduce expenditures to make up the difference.
3. Supplement budgets with Free Cash to meet level service needs only. Do so with a plan to discontinue the practice.
4. Increase revenues by a Proposition 2 ½ override, which is subject to a Town vote. This option requires an alternate budget should the override fail.

I propose to use Certified Free Cash to fund one-time expenses and community events in FY 2026 for a total of \$501,250, with offsets as follows:

1. Electronic circuit breaker: \$5,000
2. School computer lease renewal: \$200,000
3. Carpet cleaning machine: \$5,000
4. Appropriation Committee Reserve Fund: \$125,500
5. Open Space and Recreation Plan printing: \$500
6. Posted policy signs at Park & Recreation facilities: \$750
7. Electric Vehicle charger for Town facility: \$5,000
8. Marathon Weekend Celebration: \$2,500
9. Holiday lights on the Common: \$9,500
10. Senior Center kitchen equipment: \$22,500
11. Sidewalk rehab project: \$45,000
12. Household Hazardous Waste Day: \$50,000
13. Family Day: \$30,000

Items 1-9, 11 and 12 above are included in the operating budget; items 10 and 13 are not. With these offsets, the shortfall would be reduced to \$1,432,914 and the amount of Free Cash used would increase accordingly.

The Town is fortunate to have a substantial amount of Free Cash this year, with a significant amount due to the release of funds from the Overlay account and the use of ARPA funds to pay for health insurance in FY 2024. Enclosure (6) shows the General Fund expenditures in Fiscal Years 2022, 2023, and 2024. The 'Closed to Fund Balance' column shows unspent funds, which flow to Free Cash. Free Cash is not a sustainable or reliable revenue source over time.

The Select Board's adopted Financial Management Policies states:

The Town will, whenever possible, fund ongoing operating costs through ongoing operating revenue sources. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed while still encouraging the pursuit and use of state and federal grants as a supplementary revenue source.

And

The Town shall proscribe using reserves or the stabilization funds for recurring expenditures and will limit the use of reserves to close the budget gap between revenue and operating expenses.

Tax impact is a very important concern, especially as we consider the challenges of seniors, young families, and others struggling to stay in Hopkinton. The tax impact from this budget transmittal is projected to be 7.19% on existing taxpayers. No new borrowing is proposed for FY 2026; all of the capital projects are proposed to be funded from Free Cash.

This transmittal includes a cautious recommendation on capital spending, shown in Enclosure (4). In the Pay-as-You-Go list, I recommend approval of equipment and vehicles that are necessary to sustain services, infrastructure improvements necessary to mitigate Town liability, and critical public safety communications infrastructure. The largest item proposed for funding with accumulated one-time funds is \$3.2 million for a Public Safety Radio System upgrade. The existing old system is inadequate and out of date, and if not addressed, will have major negative consequences on emergency response and public safety operations. My recommendations are the same as the Capital Improvement Committee. They have conducted a thorough review and I value their insight and the reasoning for making the hard choices. The projects not recommended are good projects, but can be deferred to future years. The five-year capital improvement plan is provided as Enclosure (5).

Conclusion:

As the budget review progresses, the Town Manager and Finance team will continue to monitor and report to the Board on the refinement of current estimates involving sources of revenue, projected expense amounts, new growth estimates, and the new meals tax.

I also want to remind senior residents of the Town's Senior Citizen Tax Relief program and the new Senior Property Tax Exemption for School Building Construction that was approved in January 2025, which will become available in FY 2026. 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 Staff, Department Heads, and Town Boards, Commissions, and Committees for their collaborative effort and continued support in bringing these materials 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 2025 Annual Town Meeting.



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE
Elaine Lazarus, Town Manager
18 Main St., Hopkinton MA 01748

DATE: March 7, 2025

TO: Select Board

FROM: Elaine Lazarus, Town Manager

RE: Fiscal Year 2026 Comprehensive Budget Transmittal Update

REF: (a) My memo; Fiscal Year 2026 Comprehensive Budget Transmittal of January 16, 2025
(b) My memo; Fiscal Year 2026 Budget Development of September 27, 2025

This memorandum provides an update of reference (a) with a balanced budget proposal, developed with additional information which has become available, and continued hard work by Town staff. As you know, the budget transmittal on January 16 did not show a balanced budget. The most notable changes are:

- The amount of excess from the prior fiscal year ("Free Cash"), has increased by \$3,121,565, to \$11,435,984. Although not yet Certified by the Mass. Dept. of Revenue, we are confident that the number will not be less than what is indicated here.
- The Governor's budget proposes a 3% increase in State Aid. In January, the forecast was unfavorable and we had not anticipated that the number would increase over last year.
- The budget now includes \$109,607 in additional revenue, from Overlay Surplus. Funds from this account have been released by the Board of Assessors due to the withdrawal of property tax appeals filed by Eversource over the last several years.
- Non-school Town department operating budgets will increase 3.28% over FY 2025, slightly less than anticipated in January.
- The Hopkinton Public Schools budget would increase 5.8% over FY 2025. This is \$415,000 lower than the budget submission voted by the School Committee. A request for a reduction by this amount has been transmitted to the School Department in order to achieve a 5.8% increase over FY 2025, rather than the 6.4% increase requested.
- Employee Benefits and Insurance (Town and School) will increase 11.3% over FY 2025, largely due to a 12.9% increase in health insurance premiums for employees and retirees.
- The comprehensive budget now includes \$8,814,696 for capital expenses, which includes all of the Town Meeting articles and capital requests submitted. Funding is from Certified

Free Cash. In January, we had anticipated \$6,572,621 for capital requests. All capital requests are included now, in the event that all are voted favorably at Town Meeting, but this is ultimately up to the voters.

- The tax impact for FY 2026 is 2.29% for the operating budget, and 3.84% in the peak year if all proposed capital requests are approved.

The balanced budget accomplishes the following objectives:

- Core municipal services are sustained.
- Contractual obligations are met.
- Capital improvement investments are made to sustain operations and to protect Town assets.
- Meets all financial policies including improving the General Stabilization Fund reserve balance, funding for the obligation to pay for employee retiree health care, and by paying for all recurring costs with recurring sources of revenue.
- Budgets have been built from the bottom up, which has resulted in more collaboration and efficiency.

In summary, the following changes were made to the proposed budget:

Adjustments to Sources of Funds from January Transmittal	\$ Change
Excess from Prior Fiscal Year (Cert. Free Cash)	\$3,121,565
State Aid	\$697,278
Less - Regional and State Program Charges	\$5,588
Estimated Net State Aid	\$691,690
Overlay Surplus	\$109,607
Cost Share from Enterprise Funds	\$25,310
Total	\$3,948,172

Adjustments to Proposed Budgets from January Transmittal	\$ Change	Revised Increase
General Government	-\$30,000	2.2%

Regional Technical Vocational School	-\$62,554	-1.6%
Hopkinton Public Education	-\$415,000	5.8%
Public Works	-\$27,185	0.7%
Health and Human Services	-\$1,471	6.7%
Culture and Recreation	\$45,000	7.1%
Employee Benefits and Insurance	\$315,644	11.3%
Town Meeting Capital Articles, Free Cash	\$2,242,075	98.4%
Total	\$2,066,509	

Proposed uses of Free Cash in the FY 2026 Budget are as follows:

- Pay-As-You-Go Capital Expenditures
- Special Education Reserve Fund
- Other Post Employment Benefits (OPEB)
- General Stabilization Fund
- Town Meeting Articles/Capital Projects

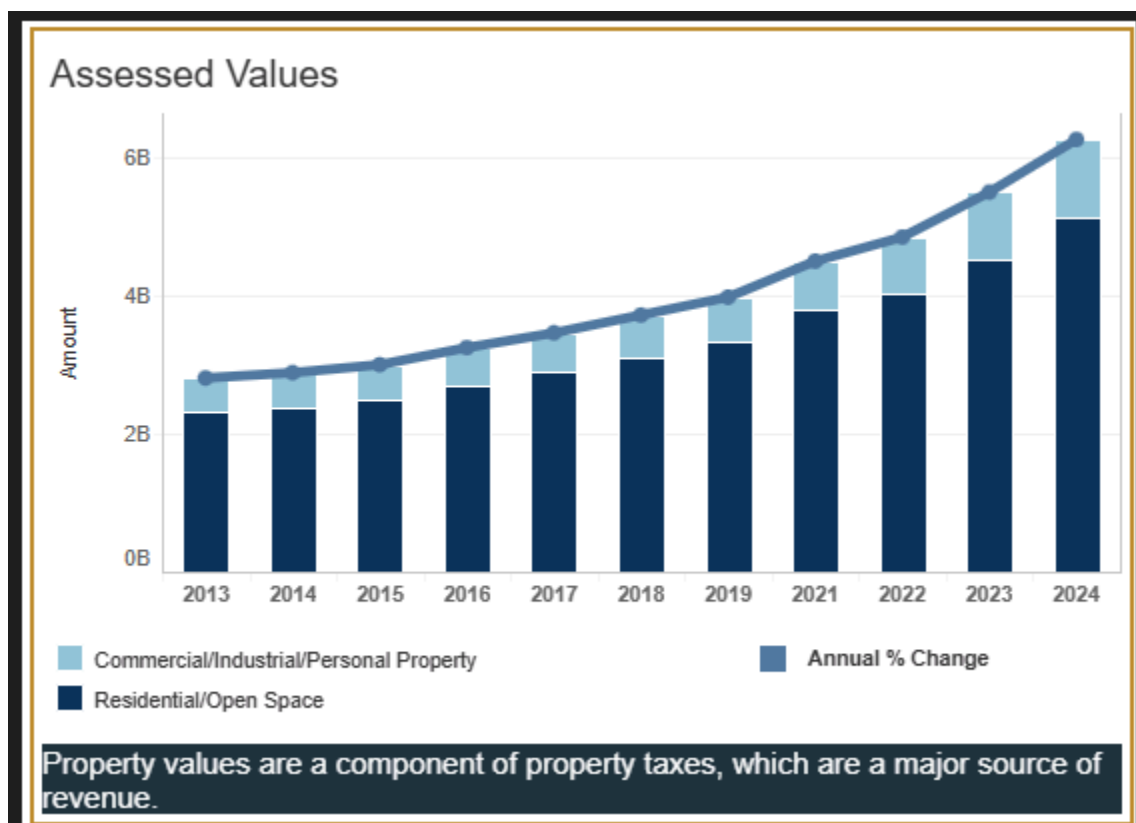
I recommend that the Select Board transmit this package to the Appropriation Committee for review and consideration. The budget process continues, and I look forward to continued public involvement and discussion throughout. This is a unique opportunity for collaboration and prioritization, as we keep our eye on the forecasts for the next few years as well.

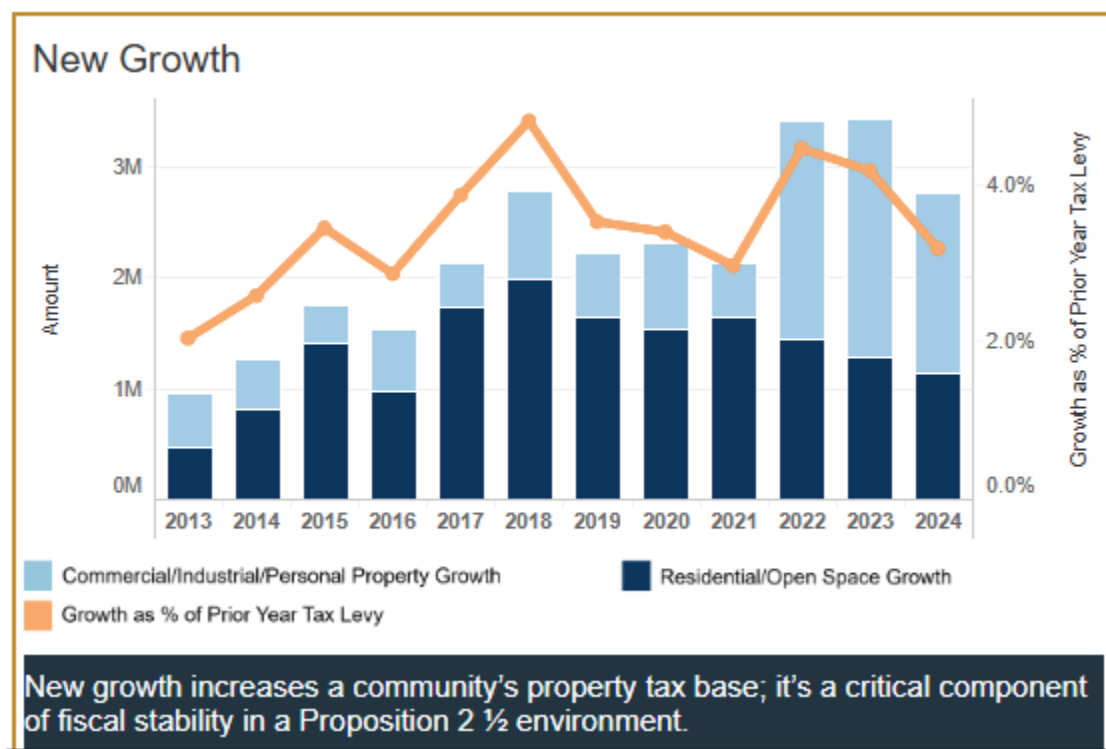
Town of Hopkinton: FY 2026 General Fund Sources and Uses

Sources of Funds		FY25 Budgeted Sources of Funds	FY26 Estimated Sources of Funds	% Chg. FY25 - FY26	Tax Impact
1	Levy Base	\$88,605,375	\$92,596,931	4.5%	2.29%
2	New Growth	\$1,733,094	\$1,600,000	-7.7%	1.62%
3	Debt Exclusions	\$8,254,669	\$12,040,510	45.9%	3.84%
4	Less - Provision for tax abatements/exemptions	\$0	\$0	0.0%	
5	Estimated Net Property Tax Revenue	\$98,593,138	\$106,237,440	7.8%	7.75%
6	Excess from Prior Fiscal Year (Cert. Free Cash)	\$5,700,036	\$11,435,984	100.6%	
7	State Aid	\$11,970,090	\$12,344,601	3.1%	
8	Less - Regional and State Program Charges	\$409,805	\$422,469	3.1%	
9	Estimated Net State Aid	\$11,560,285	\$11,922,132	3.1%	
10	Excise Tax, Licenses, other Local Receipts	\$6,172,867	\$6,666,696	8.0%	
11	Meals Tax	\$0	\$100,000	100.0%	
12	Overlay Surplus	\$0	\$109,607	100.6%	
13	Cost Share from Enterprise Funds	\$799,578	\$844,877	5.7%	
14	Ambulance, misc. sources	\$1,255,835	\$680,000	-45.9%	
15	Transfer from School Stabilization	\$0	\$0	n/a	
Total Sources of Funds:		\$124,081,739	\$137,996,736	11.2%	
Uses of Funds		FY25 Budgeted Uses of Funds	FY26 Estimated Uses of Funds	% Chg. FY25 - FY26	
16	Tax lien administration costs	\$50,000	\$50,000	0.0%	
17	State funded Library spending	\$28,335	\$31,481	11.1%	
18	Repayment of Debt Principal and Interest	\$9,022,379	\$12,887,957	42.8%	
19	Deficits and Judgments	\$0	\$0	0.0%	
20	Snow and Ice Surge Costs	\$0	\$0	0.0%	
21	General Government	\$5,604,308	\$5,728,270	2.2%	
22	Public Safety	\$8,414,571	\$8,834,898	5.0%	
23	Regional Technical Vocational School	\$642,811	\$632,453	-1.6%	
24	Hopkinton Public Schools Education	\$63,144,790	\$66,775,630	5.8%	
25	Special Education Reserve Fund	\$1,094,024	\$1,046,276	-4.4%	
26	Public Works	\$7,288,136	\$7,341,892	0.7%	
27	Health and Human Services	\$1,530,959	\$1,633,244	6.7%	
28	Culture and Recreation	\$1,285,324	\$1,377,205	7.1%	
29	Employee Benefits and Insurance	\$19,106,134	\$21,267,722	11.3%	
30	Sub-Total Departmental Operating Funding	\$108,111,057	\$114,637,590	6.0%	
31	Total Recurring Use of Funds	\$117,211,771	\$127,607,028	8.9%	
32	Transfer to OPEB (post-retirement health care)	\$853,671	\$875,012	2.5%	
33	Transfer to Stabilization	\$700,000	\$700,000	0.0%	
34	Town Meeting Capital Articles, free cash	\$4,421,637	\$8,814,696	99.4%	
Total Uses of Funds:		\$123,187,079	\$137,996,736	12.0%	
Surplus/Shortfall:		\$894,660	\$0		
*Assumes FY26 borrowing of \$80 M based on school expenditure schedule					
**#6 and #34 reference Pay As You Go					

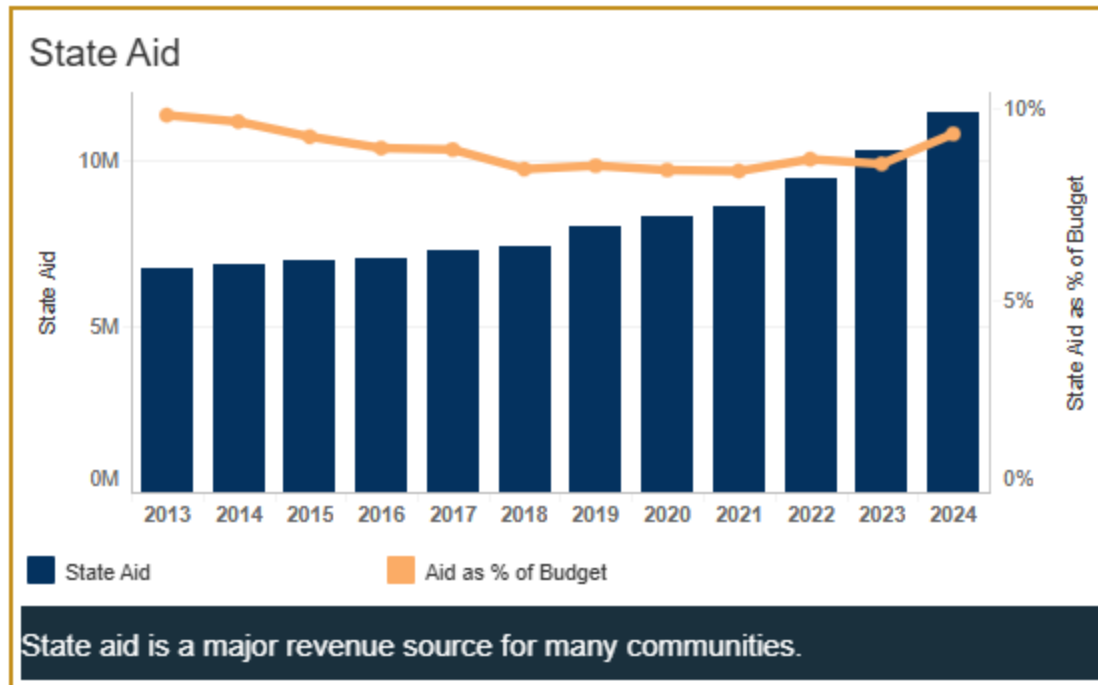
Projected revenues for FY 2026 are budgeted conservatively. Net property tax receipts are projected to increase to \$106,237,440, with \$1,600,000 of that amount coming from new growth. There are construction projects that are anticipated to kick off in 2025-2026. They include: New condominium construction on Waterville Lane, new single family construction on Honeybee Pass and Lincoln Street, Emerald Drive at the Connelly Farms Subdivision and Whisper Way. There will be a new \$5M dollar pickleball facility on East Main Street, but that will just be starting in the Spring of 2025. Given a few new construction projects, we might have up to a \$1M in growth for that next year. We also anticipate that construction will start on the redevelopment of the former Hopkinton Drug building that will include retail space and 60 apartment units. We are not sure when we will be able to include that in our new growth calculation, but it may be the calendar year 2026.

The additional increases are \$2,258,462 from the tax increase allowed under Proposition 2-½, and a net increase in debt payments excluded from the proposition 2-½ limits of \$3,785,841, subject to Town Meeting approval and subsequent voter approval. Overall, property taxes account for 77% of Town operating revenue; with 82% of property tax revenue coming from residential property, 7% from industrial property, 3% from commercial property, and 8% from taxable business personal property.





State Aid, net of charges for State and regional programs, is projected to increase by \$361,847 or a 3.1%, based on the latest information from the State budget process. Local receipts are expected to increase by 8.0%, which represents steady investment income, excise tax and other license fees collected by the Town. The appropriation from free cash supports a transfer to the OPEB Trust Fund for post-employment retiree health care costs, pay-as-you-go capital projects and contributions to the General Fund Stabilization and Capital Fund Stabilization account to keep its size proportionate to the growing budget. Other Sources of Funds include Ambulance Receipts Reserved, Overlay Surplus, Meals Tax and Enterprise indirect (employee benefit and shared salaries) costs.



A long term review of debt service projections through 2047 is included in Appendix B, Current Debt Payments and Forecast. This does not include the FY2026 borrowing.

The most significant other changes in spending for FY 2026 include a \$3,630,840 (5.8%) increase in Education spending for the Hopkinton Public Schools; and a \$2,161,588 (11.3%) increase in the cost of health insurance for employees and retirees.

General Fund 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.

Town of Hopkinton; General Fund Five Year Financial Forecasting Model						
	FY25 Enacted	FY26 Plan	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Levy Base	\$86,370,981	\$90,338,469	\$94,196,931	\$98,151,854	\$102,205,650	\$106,360,792
Amended prior year growth	\$73,287					
2 1/2% increase	\$2,161,107	\$2,258,462	\$2,354,923	\$2,453,796	\$2,555,141	\$2,659,020
New Growth	\$1,733,094	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Overrides/(Underrides)			\$0	\$0	\$0	\$0
Debt Exclusions	\$8,254,669	\$12,040,510	\$13,711,874	\$14,847,621	\$14,431,241	\$14,101,216
Unused Levy						
Net Tax Levy	\$98,593,138	\$106,237,440	\$111,863,728	\$117,053,271	\$120,792,033	\$124,721,027
Cherry Sheet Receipts	\$11,970,090	\$12,344,601	\$12,961,831	\$13,609,923	\$14,290,419	\$15,004,940
MSBA Reimbursements	\$0	\$0	\$0	\$0	\$0	\$0
Local Receipts	\$6,172,867	\$6,666,696	\$7,000,031	\$7,350,032	\$7,717,534	\$8,103,411
Subtotal, Revenues	\$116,736,095	\$125,248,737	\$131,825,590	\$138,013,226	\$142,799,985	\$147,829,377
Add: Additional Sources						
Free Cash - operating	\$0		\$0	\$0	\$0	\$0
Free Cash - capital/other	\$5,700,036	\$11,435,984	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Enterprise - Indirect Costs	\$799,578	\$844,877	\$865,999	\$887,649	\$909,840	\$932,586
Overlay Surplus	\$0	\$109,607	\$0	\$0	\$0	\$0
General Stabilization Fund	\$0	\$0	\$0	\$0	\$0	\$0
School Stabilization Fund		\$0				
Other	\$1,255,835	\$680,000	\$653,414	\$651,154	\$648,942	\$614,458
Meals Tax		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Unused Capital Balances						
Subtotal	\$7,755,449	\$13,170,468	\$5,619,413	\$5,638,803	\$5,658,782	\$5,647,044
Less:						
Prov for Abatements/Exemptions		\$0	\$0	\$0	\$0	\$0
Cherry sheet offsets	-\$28,335	-\$31,481	-\$32,715	-\$33,997	-\$35,330	-\$36,715
Snow & Ice		\$0	\$0	\$0	\$0	\$0
Cherry Sheet charges	-\$409,805	-\$422,469	-\$443,592	-\$465,772	-\$489,061	-\$513,514
Tax title	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000

Deficits & Judgements		\$0	\$0	\$0	\$0	\$0
Debt Service	-\$9,022,379	-\$12,887,957	-\$15,676,499	-\$16,586,394	-\$16,021,746	-\$15,587,944
Parks Enterprise Subsidy	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	-\$9,510,519	-\$13,391,907	-\$16,202,807	-\$17,136,164	-\$16,596,137	-\$16,188,173
Net Sources avail. for Approp	\$114,981,025	\$125,027,298	\$121,242,196	\$126,515,865	\$131,862,631	\$137,288,249
Expenditures Category:	FY25 Enacted	FY26 Plan	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
General Government	\$5,603,683	\$5,728,270	\$5,928,760	\$6,136,266	\$6,351,036	\$6,573,322
Municipal COVID-19 PPE	\$0	\$0	\$0	\$0	\$0	\$10,138,249
Public Safety	\$8,414,571	\$8,834,898	\$9,144,119	\$9,464,163	\$9,795,409	\$10,138,249
Education	\$63,787,601	\$67,408,083	\$70,778,487	\$74,317,412	\$78,033,282	\$81,934,946
Special Education Reserve Fund	\$1,094,024	\$1,046,276	\$1,046,276	\$1,046,276	\$1,046,276	\$1,046,276
Public Works	\$7,288,136	\$7,341,892	\$7,598,858	\$7,864,818	\$8,140,087	\$8,424,990
Human Services	\$1,530,959	\$1,633,244	\$1,690,407	\$1,749,572	\$1,810,807	\$1,874,185
Culture & Recreation	\$1,285,324	\$1,377,205	\$1,425,408	\$1,475,297	\$1,526,932	\$1,580,375
Employee Benefits & Insurance	\$19,106,134	\$21,267,722	\$23,330,691	\$25,197,146	\$27,212,918	\$26,393,584
Subtotal, Omnibus Budget	\$108,110,432	\$114,637,591	\$120,943,006	\$127,250,950	\$133,916,747	\$148,104,175
Articles - non-capital						
Articles - capital	\$4,421,637	\$8,814,696	\$9,724,406	\$9,318,683	\$13,753,211	\$6,737,221
Transfer to Stabilization Fund(s)	\$700,000	\$700,000	\$700,000	\$735,000	\$771,750	\$810,338
Transfer to OPEB Trust	\$853,671	\$875,012	\$896,888	\$919,310	\$942,293	\$965,850
Total Expenditures	\$114,085,740	\$125,027,298	\$132,264,300	\$138,223,943	\$149,384,000	\$156,617,583
Surplus (Shortfall)	\$895,285	\$0	-\$11,022,104	-\$11,708,078	-\$17,521,369	-\$19,329,335

Tax Impact - General Fund Spending & Excluded Debt

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, although the full tax levy available is proposed for use, the average tax impact on existing property for FY 2026 will be 2.29% on existing taxpayers for the operating budget, and an additional 3.84% for the debt exclusion projects in FY26.

Town of Hopkinton; Projected Tax Impact		1/13/25		
<u>Overall Tax Impact Summary:</u>	FY25	Tax Impact % Change from FY24	FY26	Maximum Tax Impact % Change from FY25
Prior Year Unused Levy	\$0	0.00%	\$0	0.00%
Statutory 2 1/2% Levy Increase	\$2,038,232	2.32%	\$2,258,462	2.29%
Override/(Underride)	\$0	0.00%	\$0	0.00%
Unused Levy		0.00%		0.00%
Net Change in Principal & Interest on Excluded Debt	\$534,271	-0.21%	\$3,785,841	3.84%
Change in Tax Levy on Existing Tax Base	\$2,572,503	2.09%	\$6,044,302	6.13%
Additional Projected Tax Levy from New Growth	\$2,764,650	3.03%	\$1,600,000	1.62%
New Growth Adjustment (Fall 2021)		0.00%	N/A	N/A
Total Increase in Tax Levy	\$5,337,153	5.12%	\$7,644,302	7.75%

Tax Impact vs. Inflation

Tax impact net of new growth is the average increase a Hopkinton property owner would see on an existing home or business for tax purposes. For example, a taxpayer with a \$10,000 property tax bill would experience a 2.5% tax impact if their property tax bill rose to \$10,250 in the subsequent year. Leading up to FY 2022, the Town, along with the broader economy, benefitted from a period of prolonged low inflation through FY 2022. Low inflation provided price stability that made budgeting more straightforward, as the cost of pending collective bargaining negotiations and other costs were more predictable. Low inflation also corresponds with low interest rates for Town capital projects. In February 2021 the (Bureau of Labor Statistics) Consumer Price Index price increase for the prior twelve months was 1.7%; by February 2022 the Consumer Price Index price increase for the prior twelve months had risen to 7.9%; down somewhat to 6.0% by February 2023.

Much of this post FY 2022 inflationary increase was driven by the supply chain challenges and spikes in energy prices that have been reported in the media. The Town continues to evaluate how these price level changes will impact revenues and spending in FY 2025-2026. The FY 2025-2026 budgets consider an increase in inflation, and specifically inflation in expected health care costs, which are budgeted to be up 11.3% in FY 2026. Sustained inflation, if it should occur, would require further noteworthy adjustments in FY 2027 and beyond. We are also watching the current political environment, including the proposed tariffs to see how those will impact the Town expenses going forward.

Inflation is also emerging as a complicating factor in capital planning. Because capital acquisitions are approved on an annual basis, and because there is often a lapse of up to a year or more between the time a prospective project is developed and when funds are spent, inflationary cost increases can result in insufficient funds when the project is finally ready for execution. A contingency reserve in an appropriation can help, but recently the marketplace has seen sudden, steep price increases in building materials, energy, and other project cost elements. Those spikes have led to proposals adding supplemental funding to projects that have been impacted.

No New Debt Considered for Approval.

The FY 2026 budget proposal recommends all new projects (18 pay as you go) totaling \$6,695,621 be funded by Free Cash, Ambulance Fund or reappropriated surplus capital from prior fiscal years that would go to the voters for approval.

In FY 2026, prior to borrowing \$80 million for the school projects as approved in 2024, General Fund Debt (principal and interest due) is 67.17% (\$77,007,684) of the Departmental

Operating Budget (\$77M/\$114M) and 1.14% of the taxable value of all property in the Town (\$77M/\$6.749B).

General Fund Debt is expected to increase to \$207,515,702 (Principal \$141,965,548 and Interest \$65,550,154) based on borrowing \$80 million dollars for Hopkins and Charleswood School projects in FY26. According to the expenditure schedules for these School projects, the Town will borrow \$40 million in FY27 and \$20 million in FY28. This does not include any other capital expenditures at the current time.

Debt at these new unprecedented levels is very likely to have a deleterious effect on the Town's bond rating, currently a Standard and Poors AAA, which allows for borrowing at the very lowest possible interest rates. The bond rating impact is likely to even further compound the cost of accumulating high levels of debt, through higher interest rates. The Town will take a proactive approach with the rating agencies in an effort to understand the impact of our borrowing decisions and provide transparency to the residents of Hopkinton. We recognize there is more to our AAA rating than our debt, but it does have a significant impact.

Water Enterprise Fund:

As discussed in the last two fiscal years, there is an estimated \$25+ million dollars that may be needed for connection to the Massachusetts Water Resources Authority (MWRA) supply through the Town of Southborough. This alternate supply is under consideration for two reasons. First, some Town water production wells are contaminated with PFAS "forever chemicals". Second, even if long-term PFAS filtration was initiated, the Town's groundwater supply is insufficient for current and projected needs. The MWRA offers the prospect of clean, abundant water far into the future; albeit at considerable cost.

The Town of Southborough approved an article at its March 25, 2023 Annual Town Meeting which would allow such a connection. Pare Corporation is developing a scope of work to design and manage permitting for that connection. The current \$25 million cost estimate is based on a preliminary evaluation report by Pare Corporation.

As an interim measure, Hopkinton's May 2022 Annual Town Meeting Article 23 approved the use of \$600,000 in Water Enterprise Retained Earnings for construction of a temporary PFAS filtration system, pending connection to the MWRA. That project was subject to considerable cost escalation and on March 4, 2023, after a public hearing was held on the issue, the Town

allocated \$973,414 in available federal American Rescue Plan Act funding to complete this public health initiative.

The Water Rate impact of an MWRA connection is still under review. The eventual rate impact, which will be substantial under any scenario, will be higher or lower depending on several factors including: the amount of grant funding that can be identified to offset project costs; the cost of borrowing at the time funds are borrowed; and, the net change in operating costs for the system as some money is saved when the production and filtration of water locally is halted and as more money is required to buy water flow from the MWRA. The Water Enterprise will be providing updated information as it is developed. A 40% increase in the water rates occurred in FY25 and FY26 water rates will be presented to the Select Board in June 2025.

Stress Testing Projected Revenues

The Town operates under a financial regulatory regime administered by the Massachusetts Department of Revenue. As part of the regulatory framework, municipalities are required to develop balanced budgets where reliable estimates of revenues are projected, and where those projected revenues are sufficient to fund all expenditures approved for the coming year by the Town Meeting. In Hopkinton's General Government Fund budget, these important projected revenues are identified as "Sources of Funds."

Because of the reliance on estimated revenues in the budgeting process, there is some risk that estimates will not be realized and that budget shortfalls may occur. That risk can be heightened in periods of economic or physical stress, such as a pandemic or a major natural disaster. In response to that risk, forward-looking municipalities like Hopkinton conduct "stress tests" on projected revenues. Stress testing of revenues was widely introduced in private sector finance as a requirement under the Sarbanes Oxley reforms enacted to shore up the stability of financial institutions; and it has naturally been extended to the public sector.

The dominant contributors to estimated revenues in this proposed budget have been evaluated through stress test criteria, and are presented with very high confidence.

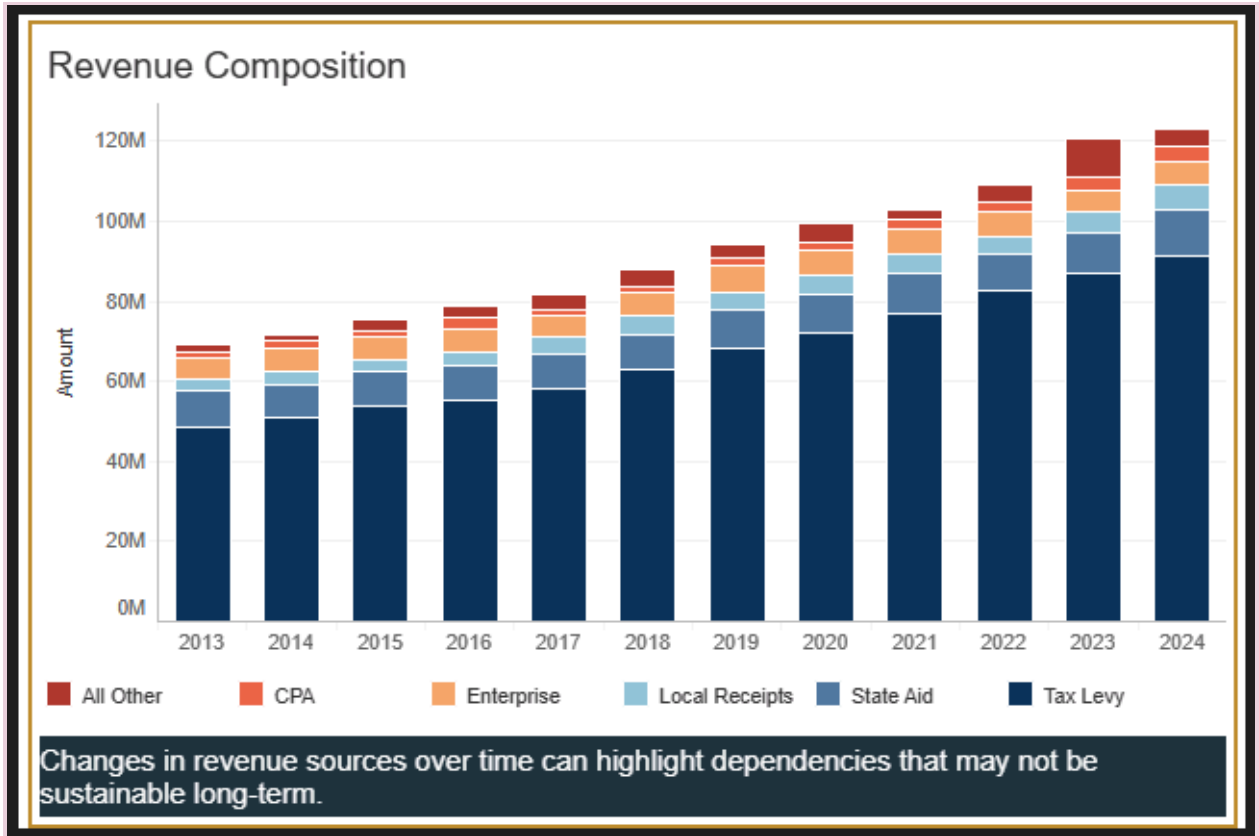
- Real Estate and Business Equipment Property Taxes - 92% of revenue to support the proposed budget in FY 2026 will be derived from property taxes on residential, industrial, and commercial real estate. This dominant revenue source is extraordinarily secure. In FY 2024, 99.7% of property taxes were paid timely, and as of 03/20/2025, 74.15% of real estate taxes have been paid, keeping in mind we still have fourth quarter property tax to collect. All unpaid taxes will be put under lien. Unpaid taxes, interest, and any processing costs are "lienable" against real property, and those liens have first

priority for satisfaction at sale or eventual foreclosure. Taxpayers do have the opportunity to challenge property tax bills through several layers of appeals. The risk associated with property tax appeals is mitigated by the establishment of “overlay account” balances, which serve as a specific additional reserve for this purpose. Considering the extremely strong collection protocols and the overlay account to address potential costs from appeals, the Town rates this dominant source of revenue as 10/10 for resilience and reliability.

- Local Aid from the State - 9% of revenue to support the proposed budget in FY 2026 is expected from local aid provided by the Commonwealth. This revenue source has been quite consistent in most circumstances. Overall, this important source of revenue is quite stable. The Town rates this important source of revenue as 8/10 for resilience and reliability.
- Business Equipment Taxes - 8% of revenue to support the proposed budget in FY 2026 will come from property taxes on business equipment. This source of revenue is less secure than property taxes on real property because there is no mechanism for leining these taxes when they are overdue. For this reason, it's very important for the Town to be diligent in collecting these amounts, using leverage such as license renewals and other municipal approvals as to enforce collection when necessary. The Town rates this noteworthy source of revenue as an 8/10 for resilience and reliability.
- Motor Vehicle Excise Taxes - 5% of revenue to support the proposed budget in FY 2026 will come from Motor Vehicle Excise Taxes. There are several enforcement mechanisms for motor vehicle excise taxes, including a cooperative practice by the Registry of Motor Vehicles of refusing driver's license and vehicle registration renewal to those delinquent on Motor Vehicle Excise Tax. In calendar year 2024, 99.0% of motor vehicle excise taxes were paid timely. Remaining delinquencies are typically satisfied within two years as RMV renewals are withheld due to non-payment. There is some risk in this source of revenue tied to economic downturns, as the tax rate drops off sharply as cars age and a serious economic downturn that stalls new vehicle sales could result in somewhat lower revenue. Considering both the strong enforcement mechanism for collections and the risk of slowing new vehicle sales from shock events, the Town rates this noteworthy source of revenue as a 9/10 for resilience and reliability.
- Certified Free Cash - 8.2% of revenue to support the proposed budget in FY 2026 will come from cash remaining from previous years operations which is certified by the Massachusetts Department of Revenue as available for use. Certified Free Cash accrues during a budget year when revenues are higher than expected, or expenses are lower than planned. This happens purposefully, because protocols for municipal budgeting are

intentionally cautious. Because the FY 2026 budget includes funds that have already been certified, this source of funds rates a 10/10 for FY 2026. As long as the Town continues to budget cautiously, as the proposed FY 2026 budget does, it is likely that reliable free cash balances will continue to be available in future years; although a severe economic downturn that impacts excise tax or other smaller revenue receipt categories could have some flow-through impact on the later availability of Certified Free Cash two or more years into the future.

- Reserves - As an additional layer of insulation from financial stresses and shocks, the Town maintains financial reserves, which are available for use with Town Meeting approval on the rare occasions when the foreseeable but unlikely risks identified above are realized. As of 2/29/25, the unrestricted General Fund Stabilization Trust Fund managed by the Town Treasurer contained \$5,810,274. Article 10 proposes to add \$700,000 to the General Fund Stabilization Trust Fund, and if approved the balance would be 5.67% of planned Departmental Operating Expense in FY 2026. A Capital Stabilization account of \$375,683 and unallocated Certified Free Cash provide additional layers of resilience and reliability to the Towns' financial standing. If the Articles are approved and we appropriate \$5 million to the Capital Stabilization Fund, there is expected to be \$2.2 million as a Free Cash uncertified balance.
- Conclusion - As a result of the very high to excellent degree of resilience and reliability of a very high majority of the Town's revenue sources, and the additional layer of resilience and reliability provided by available financial reserves; the Town's revenue stability is outstanding. This conclusion is an important element considered in Standard & Poors award of a AAA credit rating to the Town; the highest credit rating issued. However, it is noteworthy that even with these levels of revenue stability, stabilization reserves, and the Town's other strengths as a financial enterprise, when combining our current debt of \$77 million with the approved capital projects from prior years, our statutory debt limit is expected to be at 62% in FY26. That doesn't take into account the planned borrowing for FY27 and beyond, which will bring us to 93% of our limit.



Revolving Funds

A revolving fund is a partitioned account that accepts user fees as revenues and also earmarks those revenues to support an authorized activity, program, or service. There are over thirty specific provisions of Massachusetts General Law that allow for the establishment of revolving funds for various purposes. Revolving funds are ideal to support specific programs and facilities that provide a specific benefit to individual users who can be assessed fees; as opposed to general programs that provide broad benefit to the community and are funded from general revenues.

Authorized limits on spending for revolving funds that require Town Meeting approval are proposed for FY 2026 in Warrant Article 6. The table below provides a summary of revolving fund activity for FY 2021 through March 31, 2025. A complete report of all revolving funds is available for review in the Town's Annual Report.

Fund	Title	Balance 6/30/21	Balance 6/30/22	Balance 6/30/23	Balance 6/30/23	Balance 6/30/24	Balance 3/11/25
Town	PLN BRD CONS 53G	82,592	88,529	88,557	84,903	95,782	92,890
Town	DETAIL ADMIN FEES	21,618	21,446	31,297	31,297	19,265	6,065
Town	BUILDING FEES 53E 1/2	1,547,892	1,585,798	1,880,328	1,571,719	1,328,120	1,392,463
Town	BOH CONSULTANTS 53G	18,082	18,082	18,082	19,171	19,171	19,171
Town	CELEBRATIONS 53I	2,995	2,995	2,995	2,995	1,495	1,495
Town	CONS COMM EMERALD 53G	256	256	256	256	256	256
Town	COMEY CHAPEL FEES	50	50	50	50	50	50
Town	CONS COMM FEES 53E1/2	81,538	50,677	60,265	45,279	41,510	22,570
Town	FAC INS REIMB UNDER \$20K	20,249	20,249	18,924	18,924	18,464	18,464
Town	FINGERPRINTING 53E1/2	280	350	420	420	420	420
Town	FIRE HAZMAT FEES 53E1/2	0	-2,500	1,195	1,195	-10,037	12,297
Town	FIRE INS REIMB UNDER \$20K	27,514	27,514	27,514	27,514	27,514	27,514
Town	HIGHWAY FEES 53E 1/2	2,402	0	750	750	259	3,485
Town	HIGHWAY CONSULTANTS 53G	12,280	12,280	12,280	12,280	12,280	12,280
Town	LAND USE INS REIMB UNDER \$20k	655	655	655	655	655	0
Town	LIBRARY 53E	8	13	6	6	65	493
Town	LIB INS REIMB UNDER \$20k	72	72	72	72	72	72
Town	PEG ACCESS	0	0	290,780	290,780	521,858	404,962
Town	PLN BRD FEES 53E1	6,607	6,610	6,610	5,193	5,193	0
Town	PLN BRD CONS 53G	215,113	215,136	215,356	249,304	319,065	364,018
Town	POLICE FEES 53E 1/2	13,361	13,361	13,361	13,361	13,361	13,361
Town	POLICE INS REIMB UNDER \$20K	2,170	2,170	2,170	2,170	2,170	2,170
Town	PLUMBING GAS FEES 53E1/2	232,143	310,545	383,693	272,618	287,066	292,124
Town	RECYCLING FEES 53E1/2	6,729	3,682	1,174	1,174	253	295
Town	RECREATION PROGRAMS	512,425	278,516	327,603	321,838	453,175	97,075
Town	SENIOR CENTER PROGRAMS	36,571	35,445	12,440	25,028	14,365	6,380
Town	SENIOR CTR INS REIMB UND \$20K	2,988	2,988	2,988	2,988	2,988	2,988
Town	SENIOR DISABLED REV FD	30,317	24,017	12,183	12,183	19,521	27,091
Town	SEL INS REIMB UNDER \$20K	11,567	11,567	11,567	11,567	11,567	11,567
Town	WCD TRASH BAG FEES 53E1/2	14,492	15,128	2,932	2,932	3,698	9,240
Town	WIRING FEES 53E1/2	222,768	262,167	409,820	346,790	368,922	390,728
Town	ZONING BOA FEES 53E1/2	10,240	16,898	22,828	27,553	30,684	34,313
Town	ZONING BOA CONSULTANTS 5	16,960	16,960	16,960	12,235	12,235	12,235
Town	FRUIT STREET	334,199	414,870	412,495	114,379	91,194	115,955
School	ATHLETIC HS	587,613	717,378	692,630	692,630	719,436	827,882
School	BUILDING USE	383,130	473,893	423,096	423,185	623,875	652,624
School	BUS FEES	678,494	811,005	725,923	725,923	701,930	365,971
School	CIRCUIT BREAKER SPED	484,044	657,793	1,156,545	1,156,545	1,327,110	1,111,096
School	DRAMA HS	25,504	17,905	9,189	9,924	21,473	19,094
School	DRAMA MS	22,685	16,173	32,216	32,216	32,568	40,729
School	LOST BOOKS	6,384	7,819	7,607	12,077	12,572	13,383
School	LAPTOP INIT 53E1/2 HS	305,701	287,174	274,811	274,811	323,286	115,980
School	PARKING HS	187,344	250,998	293,954	293,954	236,893	134,997
School	SEL INS REIMB UNDER \$20K	5,229	5,229	5,229	5,229	3,945	3,944
School	TUITION INT STUD	718,731	844,788	655,713	655,713	427,897	297,766
School	TUITION PRE K	464,203	571,348	643,496	643,495	602,190	591,081
School	HIGH SCHOOL TURF FIELD	73,992	134,872	167,819	167,819	183,460	232,313
	TOTAL	7,347,394	8,164,369	9,068,277	8,538,197	8,833,509	7,708,457

Enterprise Funds: Water & Sewer

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. 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.

Presently, the Water Enterprise is both a producer and distributor of water, serving connected homes and businesses. However, as a result of evolving PFAS contamination challenges with the groundwater wells that support water production, plans are underway to design and complete a connection to the Massachusetts Water Resource Authority (MWRA) supply at the Quabbin Reservoir. This is the first step in a multi-phased project to ensure a safe, stable, long-term water supply for the community. Connection to the MWRA will involve connection costs and then ongoing payments for water used. While some additional connection costs may be supported by ARPA or other grant funding, substantial capital costs will be borne by the users of the Water system.

The Town Water Enterprise is budgeted to spend \$2,056,949 for salaries, benefits, operating expenses, and indirect costs in FY 2026. The proposed budget for the Water Enterprise also includes \$577,471 to pay principal and interest on previous capital purchases.

Approximately 40% of the Town is served by municipal sewer connection. 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. One such project involves finding and eliminating the source of inflow/infiltration, which can lower disposal costs. Crews were again instrumental in making in-house repairs and in performing required maintenance to keep the systems running properly.

All costs of the Sewer Enterprise are borne by sewer system users who pay fees based on water flows. The Town Sewer Enterprise is budgeted to spend \$1,727,128 for salaries, benefits, and operating expenses for FY 2026. The proposed budget for the Sewer Enterprise also includes \$824,124 to pay principal and interest on previous capital purchase. All capital projects will be funded with Sewer Enterprise Retained Earnings in FY2026.

Water and Sewer Enterprise rates for FY 2026 will be set at a rate hearing in June, 2025. In setting water rates, the Town will review the likely bow wave of expenses that will be associated

with connection to the MWRA and available reserves. Sewer rates are expected to remain stable for the next several years.

Community Preservation Funds

Massachusetts towns are allowed to adopt a surcharge of up to 3% on property taxes to fund a local Community Preservation Fund (CPF), which can be used to acquire and preserve open space and historic sites, to create and support affordable housing and to develop outdoor recreational activities. The first \$100,000 of a home's assessed value is exempt from the surcharge. Hopkinton voted to accept this provision in 2001 with a surcharge of 2%. Funds generated locally receive a match from a State trust fund, with the amount of match varying based on the level of State funds available. The State match was 18.59% in FY 2025.

As of 3/4/2025, \$11,309,092 was available in the various reserve accounts, including encumbrances. Open Space \$1.3 million, \$1.1 million in Historic Resources and \$1.247 million in Community Preservation are examples of the reserve accounts.

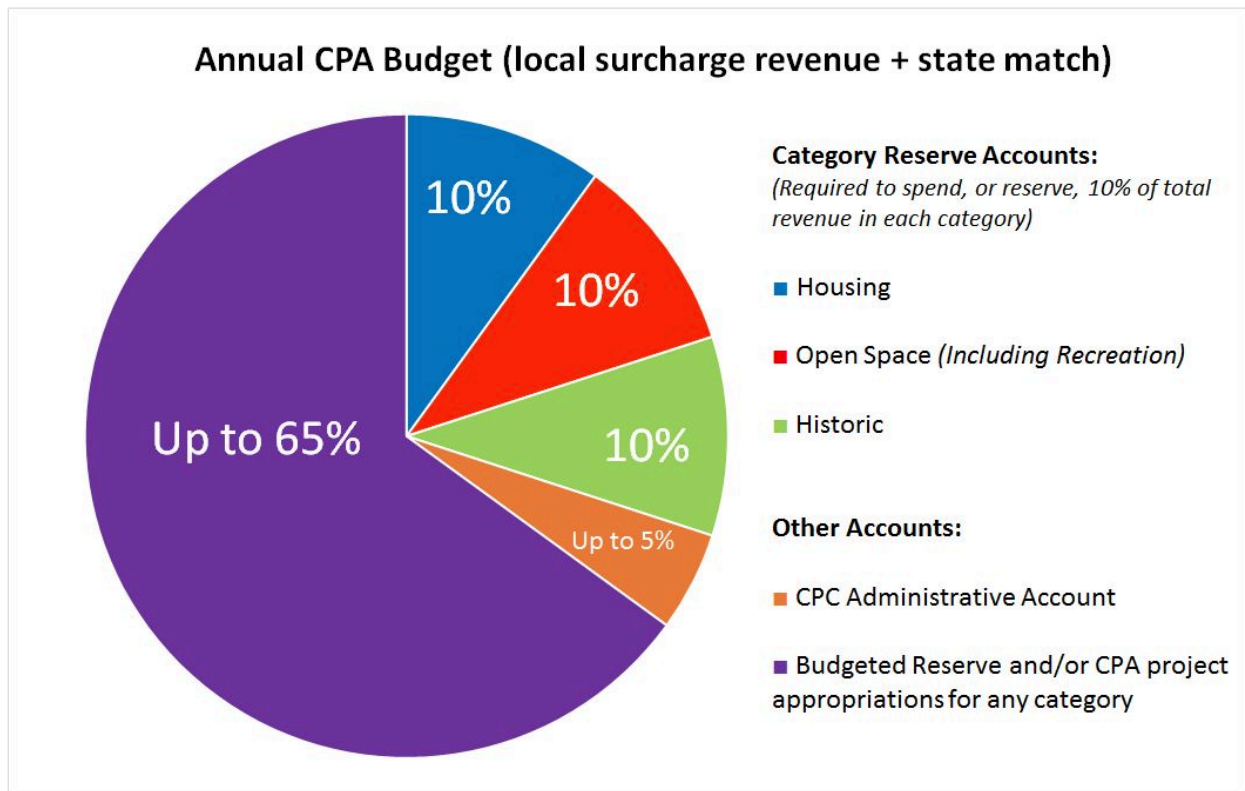
The FY 2026 proposed budget calls for \$1.218 million in spending on nine projects and \$373,071 on debt service and administrative costs. CPC revenue is based on 2% of the real estate tax collected for residential, commercial, and industrial properties. For FY 2026, expected revenue is \$1,684,698.08 with a State Match of \$251,102.

A minimum of 10% of annual revenues (\$193,580) of the fund must be used for each of the four core statutory priorities - Open Space, Recreation, 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 can only be used for that specific category. Once funds are transferred to a category reserve, they cannot be repurposed.

The remaining 60% of funding available in each year can be allocated for any combination of allowed uses, including administrative costs (up to 5%). An optional "budgeted reserve" account can be included in the CPF budget to temporarily hold some of this funding in case it is needed for additional projects that arise during the year. If money is not placed in a budgeted reserve, the Town temporarily loses access to the funds for a budget cycle. Putting the unused money in a budgeted reserve allows the community to preserve access to the funds during the entire fiscal year for any CPF purpose, following the normal procedure for CPF recommendation and Town Meeting vote.

The following table details the activity in each category based on the articles being presented at Town Meeting, including those funds requested in the FY 2025 budget recommendation.

	Balance as of March 2025	Proposed Projects FY26
Open Space	\$1,300,610	\$43,500
Historic Resources	\$1,061,782	\$840,572
Community Housing	\$1,247,740	\$0
Recreation	\$665,687	\$334,300
Budgeted Reserve	\$1,103,387	\$1,064,690
Undesignated	\$3,082,832	\$2,221,931
Available for Appropriation	\$8,462,038	\$4,504,993
Allocated to Projects	\$2,550,981	\$1,218,372
Available and Allocated	\$11,013,019	\$5,723,365



Projected Revenue from real estate tax: \$1,684,698.08

Projected State Match: \$251,102

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.

Many 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 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, 2022 in the amount of \$42,394,659. As of March 31, 2024, Hopkinton's OPEB Liability Trust Fund had a reported balance of \$6,254,400 for a funding level of 15% of the liability, as the liability increased proportionate with the net effect of market returns and the contribution made in May, 2024.

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 on January 2025:

Domestic Common Stock	38.04%
International Common Stock	19.43%
Alternative (e.g. Hedge)	20%
Fixed Income	22.09%
Cash Equivalents	0.44%

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 2025 budgeted increased level of contribution to the OPEB Fund was \$853,671. The FY 2026 contribution is proposed to be \$875,012. The current estimate is that this increased level of contribution, escalated by 2.5% per year, would result in full funding of the liability in the mid 2050's.

Possible strategies for accelerating the journey to full funding for this liability include:

- Diverting resources now flowing to fully fund the Town's employee pension liability to OPEB after the employee pension liability is fully funded in 2037;
- Increasing the annual contribution from a planned \$875,012 in FY 2026 and continuing to escalate that new, higher level of contribution by 2.5% per year; or
- Some combination of these actions

The path forward on funding this liability merits consideration in coming years.

Other Trust Funds & Deposits Under 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 2025, the Town had \$3,511,687 in trust fund assets invested in accordance with the statutorily defined Massachusetts "legal list" of authorized investments with the following portfolio weighting:

Common Stock:	29.95%
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Fixed Income:	63.24%
Cash and Equivalents:	6.81%

An asset allocation strategy with a moderate 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 May 2022 Annual Town Meeting Article 50 approved a request for a petition to the Legislature for special legislation to authorize the Treasurer/Collector to invest in trust funds under a "prudent investor" standard, rather than limiting investments to an outdated state list of authorized investments. If enacted, this new law would allow the Treasurer/Collector and the Town's investment advisor access to a broader range of investments; enabling increased growth opportunities, investment diversification, and overall security for the Town's Trust Fund holdings. In the 2025 ATM, the Article is being presented again since the regulations have changed since 2022.

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. The recommended target for the General Fund Stabilization Fund in Hopkinton Financial Policy is that a combination of general stabilization funds and unallocated certified free cash are targeted to a level of 5% of the operating budget, a target of \$5.48 million. As of March 1, 2025 the general Stabilization Trust Fund had a balance of \$5,810,274, and the amount of unallocated certified free cash projected for July 1, 2025³ is \$2,078,139, for a combined total that exceeds the target called for in Town Financial Policy.

Public Employees Retirement System Funding

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 179 retirees in the system, and 420 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 projected contribution for both the Town and School employees for FY2025 is estimated to be \$2,297,895.11.

Overlay to Account for Tax Appeals & Abatements

As previously noted, property taxes contribute 82% of the revenue to Hopkinton's general government operations. The Town of Hopkinton assesses property taxes in a comprehensive, consistent, and fair manner. Taxpayers have a right to appeal tax assessments, and a small fraction of property owners file such appeals. Over the past several years, the Town has had few appeals, an average of 50 per year, or about three quarters of one percent of all tax accounts. Over the past five years (FY20-FY24), the average amount of abatements granted by the Board of Assessors or Appellate Tax Board has been \$76,000 per year, which has been about one-tenth of 1% of property taxes levied; meaning that about 99.9% of the property taxes levied have been either uncontested or validated on appeal. This is a very strong indication of the soundness of Hopkinton's tax assessment process.

The first level of taxpayer appeal available is to the locally elected Board of Assessors. If a taxpayer is dissatisfied with the outcome of that review, additional appeals can be made to a specialized State panel, the Appellate Tax Board, or, at the taxpayer's discretion, to a Superior Court. To account for the possibility that tax appeals will result in an abatement, or reduction of the tax owed, the Commonwealth requires cities and towns to set aside a special account to act as a contingency on tax claims; known as an overlay account. The state requires the Town to make a judgment about what level of funding in the overlay account is appropriate, and each year the State regulator validates that overlay funding level decision.

The Town has processed a real estate tax abatement for \$100,000 to Hopkinton LNG d/b/a Eversource Energy that covers 16 outstanding cases at the Appellate Tax Board on both real estate and personal property from fiscal years 2017-2022. The value difference between our assessed values and what LNG claimed was approximately \$266.4 million dollars, with a potential tax liability of \$4.5 million dollars. The Town has been holding that money in the Overlay Account. All of those cases have been withdrawn and there are no additional pending cases with LNG. The Board of Assessors voted to transfer \$4 million dollars from the Overlay Account to the Overlay Surplus. Overlay Surplus may now be appropriated by the legislative body for any lawful purpose until the end of the FY25 fiscal year. If the Overlay Surplus is not appropriated by fiscal year-end close, the money is moved to the General Fund undesignated fund balance.

Summary of Key Fund Balances (March 2025)

Date	Fund Name	Balance
3/1/2025	General Fund Stabilization Trust Fund	\$5,810,274
3/1/2025	General Fund Capital Stabilization Trust Fund	\$357,683
3/1/2025	Other Post Employment Benefits Trust Fund	\$6,254,400
3/1/2025	School Department Stabilization Fund	\$1,200,196
3/1/2025	Water Enterprise Retained Earnings	\$199,011
3/1/2025	Sewer Enterprise Retained Earnings	\$1,780,416

Line Item Departmental Budgets

		FY25 Enacted	FY26 Town Mgr. Recommend	FY26 Select Board	Appropriation Committee Recommendation
	<u>FUND 1000: GENERAL FUND</u>				
	<u>General Government</u>				
122	Select Board				
	Expenses	\$2,000	\$0	\$0	
	Total	\$2,000	\$0	\$0	\$0
123	Town Manager				
	Personal Services	\$560,461	\$565,086	\$565,086	
	Expenses	\$30,300	\$25,700	\$25,700	
	Total	\$590,761	\$590,786	\$590,786	\$590,786
131	Appropriation Committee				
	Expenses	\$500	\$500	\$500	
	Reserve Fund	\$125,000	\$125,000	\$125,000	
	Total	\$125,500	\$125,500	\$125,500	\$125,500

		Financial Services				
133	Accounting					
	Personal Services	\$280,355	\$268,462	\$268,462		
	Expenses	\$36,125	\$20,150	\$20,150		
	Total	\$316,480	\$288,612	\$288,612		\$288,612
135	Administration					
	Personal Services	\$681,600	\$696,506	\$696,506		
	Expenses	\$102,435	\$107,250	\$107,250		
	Appraisal Services	\$173,000	\$163,000	\$163,000		
	Total	\$957,035	\$966,756	\$966,756		\$966,756
137	Procurement & Grants					
	Personal Services	\$0	\$0	\$0		
	Expenses	\$0	\$0	\$0		
	Total	\$0	\$0	\$0		\$0
141	Assessors					
	Personal Services	\$0	\$0	\$0		
	Expenses	\$0	\$0	\$0		
	Appraisal Services	\$0	\$0	\$0		
	Total	\$0	\$0	\$0		\$0
145	Treasurer/Collector					
	Personal Services	\$0	\$0	\$0		
	Expenses	\$0	\$0	\$0		
	Total	\$0	\$0	\$0		\$0
	Financial ServicesTotal	\$1,273,515	\$1,255,368	\$1,255,368		\$1,255,368
151	Legal					
	Legal Counsel	\$311,069	\$313,500	\$313,500		
	Total	\$311,069	\$313,500	\$313,500		\$313,500
152	Human Resources					
	Personal Services	\$290,271	\$268,107	\$268,107		
	Compensation Contingency	\$375,000	\$500,000	\$500,000		
	Expenses	\$124,612	\$124,612	\$124,612		
	Total	\$789,883	\$892,719	\$892,719		\$892,719
155	Information Technology					
	Personal Services	\$403,294	\$420,178	\$420,178		

	Expenses	\$757,117	\$825,205	\$825,205	
	Total	\$1,160,411	\$1,245,383	\$1,245,383	\$1,245,383
161	Town Clerk				
	Personal Services	\$175,411	\$178,237	\$178,237	
	Expenses	\$15,530	\$15,255	\$15,255	
	Total	\$190,941	\$193,492	\$193,492	\$193,492
162	Election & Registration				
	Personal Services	\$23,781	\$7,229	\$7,229	
	Expenses	\$36,250	\$20,000	\$20,000	
	Total	\$60,031	\$27,229	\$27,229	\$27,229
170	Land Use, Planning & Permitting				
	Personal Services	\$561,400	\$638,336	\$638,336	
	Expenses	\$55,827	\$48,758	\$48,758	
	Total	\$617,227	\$687,094	\$687,094	\$687,094
177	Green Committee				
	Expenses	\$5,000	\$5,000	\$5,000	
	Total	\$5,000	\$5,000	\$5,000	\$5,000
173	Open Space Committee				
	Expenses	\$15,200	\$15,200	\$15,200	
	Total	\$15,200	\$15,200	\$15,200	\$15,200
187	Trail Committees				
	Upper Charles Tr. Comm. Expenses	\$54,000	\$0	\$0	
	Trails Coord. Mgt. Comm. Expense	\$30,000	\$30,000	\$30,000	
	Total	\$84,000	\$30,000	\$30,000	\$30,000
192	Town Hall				
	Expenses	\$8,270	\$8,000	\$8,000	
	Total	\$8,270	\$8,000	\$8,000	\$8,000
194	Cable Committee				
	Expenses	\$0	0	0	
	Total	\$0	\$0	\$0	\$0
199	Other General Government				
	Public Relations	\$60,000	\$25,000	\$25,000	
	Town Reports	\$5,000	\$3,500	\$3,500	
	Electronic Voting	\$10,000	\$15,000	\$15,000	
	Audit	\$48,000	\$48,000	\$48,000	
	Transfer: Water Ent., Fire Prot.	\$247,500	\$247,500	\$247,500	
	Total	\$370,500	\$339,000	\$339,000	\$339,000

Total General Government		\$5,604,307	\$5,728,270	\$5,728,270	\$5,728,270
<u>Public Safety</u>					
210	Police				
	Personal Services	\$3,378,931	\$3,517,870	\$3,517,870	
	Expenses	\$189,506	\$199,338	\$199,338	
	Auxiliary Police Expenses	\$0			
	Total	\$3,568,437	\$3,717,208	\$3,717,208	\$3,717,208
214	Communications				
	Personal Services	\$815,754	\$890,716	\$890,716	
	Expenses	\$56,935	\$41,150	\$41,150	
	Total	\$872,689	\$931,866	\$931,866	\$931,866
220	Fire				
	Personal Services	\$3,604,001	\$3,780,539	\$3,780,539	
	Expenses	\$319,000	\$352,819	\$352,819	
	Total	\$3,923,001	\$4,133,358	\$4,133,358	\$4,133,358
244	Sealer of Weights & Measures				
	Personal Services	\$3,701	\$3,701	\$3,701	
	Expenses	\$1,300	\$1,300	\$1,300	
	Total	\$5,001	\$5,001	\$5,001	\$5,001
292	Animal Control				
	Personal Services	\$38,743	\$41,865	\$41,865	
	Expenses	\$6,700	\$5,600	\$5,600	
	Total	\$45,443	\$47,465	\$47,465	\$47,465
Total Public Safety		\$8,414,571	\$8,834,898	\$8,834,898	\$8,834,898
<u>Education</u>					
300	Hopkinton Public Schools				
	Hopkinton Public Schools	\$63,144,790	\$67,190,630	\$66,775,630	
	Total	\$63,144,790	\$67,190,630	\$66,775,630	\$66,775,630
800	Regional Technical Vocational School				
	Regional Schools	\$642,811	\$632,453	\$632,453	
	Total	\$642,811	\$632,453	\$632,453	\$632,453

Total Education		\$63,787,601	\$67,823,083	\$67,408,083	\$67,408,083
<u>Public Works</u>					
410	Engineering & Facilities				
	Personal Services	\$444,587	\$502,008	\$502,008	
	Expenses	\$1,098,965	\$1,164,627	\$1,164,627	
	Total	\$1,543,552	\$1,666,635	\$1,666,635	\$1,666,635
420	Public Works Administration				
	Personal Services	\$538,912	\$580,799	\$580,799	
	Total	\$538,912	\$580,799	\$580,799	\$580,799
422	Highway				
	Personal Services	\$1,100,730	\$1,008,569	\$1,008,569	
	Expenses	\$827,375	\$769,494	\$769,494	
	Sidewalk Maintenance	\$55,000	\$55,000	\$55,000	
	Pavement Management	\$523,044	\$600,000	\$600,000	
	Stormwater System	\$370,000	\$300,000	\$300,000	
	Parks & Rec. Facility Support	\$0	\$0	\$0	
	Lake Maspenock Weed Control	\$60,000	\$0	\$0	
	Total	\$2,936,149	\$2,733,063	\$2,733,063	\$2,733,063
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	\$40,000	\$40,000	
	Total	\$33,000	\$40,000	\$40,000	\$40,000
426	Traffic Control				
	Traffic Lights	\$27,500	\$27,500	\$27,500	
	Total	\$27,500	\$27,500	\$27,500	\$27,500
427	Tree Warden				
	Personal Services	\$0	\$0	\$0	
	Expenses	\$250,685	\$323,000	\$323,000	
	Total	\$250,685	\$323,000	\$323,000	\$323,000
429	Other Storm Control				
	Storm Control	\$20,000	\$20,000	\$20,000	
	Total	\$20,000	\$20,000	\$20,000	\$20,000
433	Waste Collection & Disposal				
	Recycling Salaries	\$0	\$0	\$0	
	Rubbish Collection/Disposal	\$645,400	\$661,500	\$661,500	

	Rubbish Disposal	\$444,150	\$390,656	\$390,656	
	Recycling Expense	\$5,000	\$5,000	\$5,000	
	Recycling Collection/Disposal	\$432,600	\$482,540	\$482,540	
	Household Hazardous Waste	\$59,989	\$60,000	\$60,000	
	Total	\$1,587,139	\$1,599,696	\$1,599,696	\$1,599,696
491	Cemetery Commission				
	Personal Services	\$0	\$0	\$0	
	Expenses	\$1,200	\$1,200	\$1,200	
	Total	\$1,200	\$1,200	\$1,200	\$1,200
Total Public Works		\$7,288,136	\$7,341,892	\$7,341,892	\$7,341,892
<u>Health and Human Services</u>					
511	Health Services				
	Personal Services	\$410,374	\$484,092	\$484,092	
	Expenses	\$88,860	\$86,060	\$86,060	
	Total	\$499,234	\$570,152	\$570,152	\$570,152
541	Senior Center				
	Personal Services	\$499,555	\$532,057	\$532,057	
	Expenses	\$46,925	\$46,100	\$46,100	
	Total	\$546,480	\$578,157	\$578,157	\$578,157
542	Youth & Family Services				
	Personal Services	\$241,796	\$241,525	\$241,525	
	Expenses	\$106,882	\$106,882	\$106,882	
	Total	\$348,678	\$348,407	\$348,407	\$348,407
543	Veterans Services				
	Veterans District	\$60,067	\$59,344	\$59,344	
	Veterans Service Benefits	\$75,000	\$75,000	\$75,000	
	Veterans Supplies	\$1,500	\$2,185	\$2,185	
	Total	\$136,567	\$136,529	\$136,529	\$136,529
Total Health & Human Services		\$1,530,959	\$1,633,244	\$1,633,244	\$1,633,244
<u>Culture and Recreation</u>					
610	Library				
	Personal Services	\$935,757	\$973,662	\$973,662	
	Expenses	\$56,145	\$75,925	\$75,925	
	Total	\$991,902	\$1,049,587	\$1,049,587	\$1,049,587

620	Parks and Recreation				
	Personal Services	\$223,322	\$232,467	\$232,467	
	Expenses	\$37,100	\$62,152	\$62,152	
	Rec Facility Debt Service	0	0	0	
	Total	\$260,422	\$294,619	\$294,619	\$294,619
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	\$30,000	\$30,000	\$30,000	
	Total	\$30,000	\$30,000	\$30,000	\$30,000
695	Historic District Commission				
	Expenses	\$0	\$0	\$0	
	Total	\$0	\$0	\$0	\$0
	Total Culture & Recreation	\$1,285,324	\$1,377,205	\$1,377,205	\$1,377,205
	<u>Debt Service</u>				
700	Debt Service				
	Retirement of Debt	\$7,114,757	\$11,991,778	\$11,991,778	
	Long Term Interest	\$1,766,622			
	Short Term Interest	\$141,000	\$896,179	\$896,179	
	Total Debt Service	\$9,022,379	\$12,887,957	\$12,887,957	\$12,887,957
	<u>Employee Benefits & Insurance</u>				
910	Employee Benefits & Insurance				
	Unemployment Insurance	\$144,000	\$145,000	\$145,000	
	Medicare Tax	\$949,466	\$1,073,952	\$1,073,952	
	Life Insurance Premiums	\$60,000	\$60,000	\$60,000	
	Health Insurance Premium	\$13,623,505	\$15,380,938	\$15,380,938	
	Middlesex County Retirement	\$3,290,227	\$3,458,438	\$3,458,438	
	Drug and Alcohol Testing	\$6,596			
	Blanket Insurance Premiums	\$1,032,340	\$1,149,394	\$1,149,394	
	Total Employee Benefits & Insurance	\$19,106,134	\$21,267,722	\$21,267,722	\$21,267,722

		Total General Fund	\$116,039,412	\$126,894,271	\$126,479,271	\$126,479,271
		FUND 2400: COMMUNITY PRESERVATION				
		193 CPA Administration				
		Personal Services	\$14,418	\$14,418	\$14,418	
		Expenses	\$69,469	\$69,469	\$69,469	
		Total	\$83,887	\$83,887	\$83,887	\$83,887
		700 Debt Service				
		Retirement of Debt	\$115,000	\$235,000	\$235,000	
		Interest on Long Term Debt	\$29,544	\$54,184	\$54,184	
		Total	\$144,544	\$289,184	\$289,184	\$289,184
		Total Community Preservation	\$228,431	\$373,071	\$373,071	\$373,071
		FUND 6000: SEWER ENTERPRISE				
		Direct Costs				
		440 Sewer				
		Personal Services	\$375,636	\$382,252	\$382,252	
		Expenses	\$826,760	\$975,529	\$975,529	
		Total	\$1,202,396	\$1,357,781	\$1,357,781	\$1,357,781
		700 Debt Service				
		Retirement of Debt	\$810,221	\$738,536	\$738,536	
		Interest on Long/Short Term Debt	\$452,849	\$85,588	\$85,588	
		Total	\$1,263,070	\$824,124	\$824,124	\$824,124
		Appropriation	\$2,465,466	\$2,181,905	\$2,181,905	\$2,181,905
		Sewer Enterprise Indirect Costs				
		Employee Benefits & Pensions	\$334,113	\$369,347	\$369,347	
		Shared Employees	\$0			
		Shared Facility				
		Other (Workers comp)				
		Indirect Cost Total	\$334,113	\$369,347	\$369,347	\$369,347

		Total Sewer Enterprise	\$2,799,579	\$2,551,252	\$2,551,252	\$2,551,252
FUND 6100: WATER ENTERPRISE						
		Direct Costs				
450	Water					
	Personal Services	\$514,706	\$491,745	\$491,745		
	Expenses	\$1,031,900	\$1,089,674	\$1,089,674		
	Total	\$1,546,606	\$1,581,419	\$1,581,419		\$1,581,419
700	Debt Service					
	Retirement of Debt	\$492,098	\$413,393	\$413,393		
	Interest on Long/Short Term Debt	\$186,394	\$164,078	\$164,078		
	Total	\$678,492	\$577,471	\$577,471		\$577,471
	Appropriation	\$2,225,098	\$2,158,890	\$2,158,890		\$2,158,890
		Water Enterprise Indirect Costs				
	Employee Benefits & Pensions	\$457,111	\$475,530	\$475,530		
	Shared Employees	\$0				
	Shared Facility					
	Other (Workers comp)					
	Total	\$457,111	\$475,530	\$475,530		\$475,530
		Total Water Enterprise	\$2,682,209	\$2,634,420	\$2,634,420	\$2,634,420
		Appropriation Summary*				
		Fund 1000: General Fund	\$116,039,412	\$126,894,271	\$126,479,271	\$126,479,271
		Fund 2400: Community Preservation	\$228,431	\$373,071	\$373,071	\$373,071
		Fund 6000: Sewer Enterprise	\$2,799,579	\$2,551,252	\$2,551,252	\$2,551,252
		Fund 6100: Water Enterprise	\$2,682,209	\$2,634,420	\$2,634,420	\$2,634,420
		Total	\$121,749,631	\$132,453,014	\$132,038,014	\$132,038,014
		*Enterprise Funds Include Indirect Costs				

Appendices

Appendix A: Definitions of Budgetary Terms

Abatement

An abatement is a reduction in the amount of a committed tax. It is (1) a taxpayer remedy for over assessment or to claim exemptions and (2) an accounting mechanism to clear a municipality's books of uncollectible taxes.

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.

Community Preservation Fund

The Community Preservation Act (CPA) allows for the creation of a Community Preservation Fund, which is a smart growth tool that helps communities preserve open space and historic sites, create affordable housing, and develop outdoor recreational facilities.

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 (Certified 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.

Local Receipts

Local receipts are revenue generated at the local level from a variety of sources other than property taxes. Some of the most common local receipts are excise taxes; regulatory fees (fines, licenses, and permits); user fees (charges for water, sewer and garbage services); departmental revenues and investment income. Local receipts are paid into the community's general fund unless earmarked for a specific departmental use in compliance with state statute.

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 provision 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.

OPEB

Other post-employment benefits (OPEB) are the benefits, other than pension distributions, that employees may begin to receive from their employer once they retire. Other post-employment benefits can include life insurance, health insurance, and deferred compensation. These benefits are also referred to as "other post-retirement benefits."

Overlay

A budget overlay establishes a municipal cash reserve account. The purpose of the overlay is to provide a backup source of money that covers unexpected shortfalls in property tax revenue, including coverage for tax appeals that may be decided in favor of the taxpayer. The overlay account is a revenue offset account, so the money in this account can only be used to cover deficiencies in property tax collection and may not be allocated to other city projects.

Pay As You Go (PAYGO)

The term Pay As You Go is used to reference a policy of paying bills/service or invoices when they are due and/or purchased. These items or services are not part of a forecast. PAYGO is a best practice in capital budgeting, enabling governments to reduce reliance on long-term debt and make timely investments in critical infrastructure.

Property Tax Levy

The property tax levy is the revenue a city or town raises through real and personal property taxes. In 1981, Massachusetts voters approved Proposition 2½, which caps a community's annual property tax levy. This cap is referred to as the levy limit, which increases annually by 2½ percent, plus allowable certified new growth. This limit cannot exceed an overall levy ceiling of 2½ percent of the full and fair cash value of taxable property in the community. A municipality can also permanently increase its levy limit through a successful override referendum. Municipalities can choose to temporarily levy above their levy limit through a successful debt or capital outlay expenditure exclusion referenda.

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.

State Aid

The state aid portion of local revenues is aid allocated by the state directly to cities and towns. This aid is distributed through the Cherry Sheet programs. Cherry Sheet aid is made up of distributions, reimbursements and offset items. Distributions provide funds to each municipality according to various formulas. Reimbursements provide funds to cities and towns for all or part of the costs incurred for certain programs or services. Offset items are amounts that constitute categorical aid, i.e., funds that must be spent for specific municipal programs.

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.

Appendix B: Current Debt Payments and Forecast

						Post	Final
	FY25 Total	FY26 Total	FY27 Total	FY28 Total	FY29 Total	FY29 Total	Payment
Series 2006 - Loan (CW-03-38)	8,581.31	0.00	0.00	0.00	0.00	0.00	FY25
Series 2010 - Loan (CWS-06-37)	312,320.76	312,320.16	312,320.63	312,320.91	312,320.69	624,640.89	FY31
Series 2011 - Loan (CW-03-38A)	7,078.97	0.00	0.00	0.00	0.00	0.00	FY25
Series 2012 - Loan (CW-08-34)	8,344.39	8,340.36	8,335.06	8,330.42	8,326.34	16,638.17	FY31
Series 2013 - GO MPL (Sewer Pump)	114,625.00	112,375.00	110,125.00	107,875.00	105,250.00	102,625.00	FY30
Series 2014 MPL Sewer	45,506.25	0.00	0.00	0.00	0.00	0.00	FY25
Series 2014 MPL - Elm St. Sewer	15,168.75	0.00	0.00	0.00	0.00	0.00	FY25
Series 2014 MPL - School Roof	96,068.75	0.00	0.00	0.00	0.00	0.00	FY25
Series 2016 MPL CPA (Building)	32,218.76	31,718.76	31,218.76	30,718.76	30,218.76	194,593.76	FY36
Series 2016 MPL School Remodel (Hopkins, HS Roofs)	76,500.00	75,300.00	74,100.00	72,900.00	71,700.00	433,218.76	FY36
Series 2016 MPL - Fire Station Roof	25,775.00	25,375.00	24,975.00	24,575.00	24,175.00	155,675.00	FY36
Series 2016 MPL Sidewalks	129,012.50	126,712.50	124,412.50	122,112.50	114,812.50	112,475.00	FY30
Series 2016 MPL - HS Road	5,200.00	5,100.00	0.00	0.00	0.00	0.00	FY26
Series 2016 MPL - Town Hall	10,400.00	10,200.00	0.00	0.00	0.00	0.00	FY26
Series 2016 MPL School Plans	38,662.50	38,062.50	37,462.50	36,862.50	36,262.50	233,512.50	FY36
Series 2016 MPL Town Hall	10,400.00	10,200.00	0.00	0.00	0.00	0.00	FY26
Series 2016 MPL Land - Fruit St.	167,537.50	164,937.50	162,337.50	159,737.50	157,137.50	1,011,887.50	FY36
Series 2016 MPL Land Claflin	18,506.26	18,206.26	17,906.26	17,606.26	17,306.26	82,950.00	FY36
Series 2016 Land Acq. 147 Hayden Rowe	102,400.00	100,800.00	99,200.00	97,600.00	94,300.00	586,406.26	FY36
Series 2016 Land Acq. 135 Hayden Rowe	122,131.26	120,231.26	118,331.26	116,431.26	114,531.26	727,506.26	FY36
Series 2016 DPW Building	69,637.50	68,537.50	62,437.50	61,437.50	60,437.50	389,187.50	FY36
Series 2016 - GO MPL (2008 Sch Ref)	59,125.00	53,650.00	52,225.00	51,000.00	0.00	0.00	FY28
Series 2016 - GO MPL (Blg Renov Ref)	5,825.00	5,575.00	5,325.00	5,100.00	0.00	0.00	FY28
Series 2016 - GO MPL (2008 Center Sch Boiler Ref)	16,310.00	15,610.00	14,910.00	14,280.00	0.00	0.00	FY28
Series 2016 - GO MPL (2008 Sch Ref)	31,445.00	30,095.00	27,770.00	28,560.00	0.00	0.00	FY28
Series 2016 - GO MPL (2008 Blg Remodel Ref)	15,750.00	15,050.00	14,350.00	0.00	0.00	0.00	FY27

Series 2016 - GO MPL (2008 Sewer Ref)	10,485.00	10,035.00	9,585.00	9,180.00	0.00	0.00	FY28
Series 2016 - GO MPL (2006 Snr Center Ref)	121,475.00	115,825.00	0.00	0.00	0.00	0.00	FY26
Series 2016 - GO MPL (2006 Snr Center Ref)	82,725.00	77,900.00	0.00	0.00	0.00	0.00	FY26
Series 2016 - GO MPL (Sewer Ref)	14,725.00	15,050.00	14,350.00	0.00	0.00	0.00	FY27
Series 2016 - GO MPL (2006 Elmwood Sch Ref)	14,350.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2016 - GO MPL (Library)	384,106.26	373,606.26	363,106.26	348,756.26	340,556.26	4,876,309.47	FY47
Series 2016 - GO MPL (DPW Blg)	553,875.00	538,875.00	523,875.00	510,375.00	498,375.00	7,136,062.50	FY47
Series 2016 - GO MPL (2006 Fire Stn Ref)	20,250.00	19,350.00	18,450.00	0.00	0.00	0.00	FY27
Series 2016 - GO MPL (2006 Middle Sch Ref)	10,125.00	9,675.00	9,225.00	0.00	0.00	0.00	FY27
Series 2016 - GO MPL (2006 Center Sch Ref)	28,700.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2017 - GO MPL (Fruit St. Blg)	28,675.00	27,675.00	26,775.00	26,075.00	25,550.00	204,512.50	FY38
Series 2017 - GO MPL (Hayden Rowe Traffic)	89,687.50	86,187.50	83,037.50	80,587.50	78,750.00	296,581.25	FY33
Series 2017 - GO MPL (Fire Stn Roof)	35,843.76	34,593.76	33,468.76	32,593.76	31,937.51	255,640.63	FY38
Series 2017 - GO MPL (DPW Blg)	272,412.50	262,912.50	254,362.50	247,712.50	242,725.00	1,942,868.75	FY38
Series 2019 - GO MPL (School Technology)	17,925.00	17,175.00	16,425.00	15,675.00	15,150.00	0.00	FY29
Series 2019 - GO MPL (Lights)	83,650.00	80,150.00	76,650.00	73,150.00	70,700.00	0.00	FY29
Series 2019 - GO MPL (Fields)	155,640.00	149,640.00	143,640.00	137,640.00	133,440.00	631,020.00	FY34
Series 2019 - GO MPL (Main St.Imprv)	71,375.00	68,625.00	65,875.00	63,125.00	61,200.00	290,450.00	FY35
Series 2019 - GO MPL (Sch Renov)	11,092.00	10,692.00	10,292.00	9,892.00	9,612.00	78,569.50	FY40
Series 2019 - GO MPL (Library)	46,559.50	44,909.50	43,259.50	41,609.50	40,454.50	364,835.75	FY40
Series 2019 - GO MPL (Mid Sch Auditorium)	5,506.00	5,306.00	5,106.00	4,906.00	4,766.00	37,153.50	FY40
Series 2019 - GO MPL (Town Hall Parking)	35,805.00	34,555.00	33,305.00	32,055.00	31,180.00	303,352.50	FY40
Series 2019 - GO MPL (Sch Security)	35,875.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2019 - GO MPL (Software)	42,325.00	40,575.00	38,825.00	37,075.00	30,900.00	30,300.00	FY30
Series 2019 - GO MPL (Sch Bus Parking)	25,967.50	24,967.50	23,967.50	22,967.50	22,267.50	105,933.75	FY35
Series 2019 - GO MPL (Wastewater Plans)	15,375.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2019 - GO MPL (Tractor)	30,750.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2019 - GO MPL (Bucket Truck)	15,375.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2020 - GO MPL (Hgh Sch Renov)	240,450.00	233,200.00	225,950.00	218,700.00	211,450.00	3,702,450.00	FY50
Series 2020 - GO MPL (Hopkins Sch Modulars)	201,100.00	194,100.00	187,100.00	180,100.00	173,100.00	1,695,300.00	FY40
Series 2020 - GO MPL (Elmwood Sch Modulars)	135,800.00	131,050.00	126,300.00	121,550.00	116,800.00	1,113,900.00	FY40
Series 2022 - GO MPL (Police Stn Roof)	24,025.00	23,275.00	22,525.00	21,775.00	21,025.00	164,562.50	FY42
Series 2022 - GO MPL (Sch HVAC)	37,750.00	36,500.00	35,250.00	29,000.00	28,000.00	190,000.00	FY37
Series 2022 - GO MPL (Land Main St.)	43,350.00	42,100.00	40,850.00	39,600.00	38,350.00	370,025.00	FY42
Series 2022 - GO MPL (LadderTruck)	123,750.00	119,750.00	115,750.00	111,750.00	107,750.00	624,250.00	FY36
Series 2022 - GO MPL (Sch Roofs)	254,850.00	247,600.00	240,350.00	233,100.00	220,850.00	2,303,875.00	FY42
Series 2005 - Septic Loan (T5-97-1110-2)	10,000.00	10,000.00	0.00	0.00	0.00	0.00	FY26
Series 2006 - Septic Loan (97-1110-3C)	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00	FY27

Series 2007 - Loan (DW-05-11)	68,742.36	68,742.45	68,742.38	68,742.62	0.00	0.00	FY28
Series 2010 - Septic Loan (97-1110-E)	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	50,000.00	FY31
Series 2010 - Septic Loan (T5-97-1110-D)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	20,000.00	FY31
Series 2014 MPL - Water Mains	60,675.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2014 MPL - Water	20,225.00	0.00	0.00	0.00	0.00	0.00	FY25
Series 2014 - Loan (CWS-06-37-A)	208,745.65	209,012.28	209,285.16	209,563.27	209,848.51	842,363.65	FY33
Series 2016 Water - Cedar St.	22,431.26	22,031.26	16,631.26	16,331.26	16,031.26	31,087.50	FY31
Series 2016 Center School	135,318.76	133,218.76	131,118.76	129,018.76	126,918.76	817,293.76	FY36
Series 2016 - GO MPL (Marathon Elem Sch)	494,881.26	481,381.26	467,881.26	450,831.26	440,231.26	6,303,521.97	FY47
Series 2016 - GO MPL (2008 Well Ref)	5,735.00	5,485.00	4,260.00	4,080.00	0.00	0.00	FY28
Series 2016 - GO MPL (Water Equip)	5,625.00	5,375.00	5,125.00	0.00	0.00	0.00	FY27
Series 2016 - GO MPL (Wtr Mains)	7,431.26	7,181.26	6,931.26	6,706.26	6,506.26	45,484.43	FY37
Series 2016 - GO MPL (Wtr Tank)	7,431.26	7,181.26	6,931.26	6,706.26	6,506.26	45,484.43	FY37
Series 2016 - GO MPL (Water)	62,818.76	61,068.76	59,318.76	57,743.76	56,343.76	759,090.68	FY47
Series 2016 - GO MPL (2006 Well Ref)	5,375.00	5,125.00	0.00	0.00	0.00	0.00	FY26
Series 2016 - GO MPL (2006 Wtr Ref)	20,250.00	19,350.00	18,450.00	0.00	0.00	0.00	FY27
Series 2016 - GO MPL (2006 Wtr Ref)	50,625.00	48,375.00	46,125.00	0.00	0.00	0.00	FY27
Series 2017 - GO MPL (Marathon Elem. Sch)	1,218,687.50	1,176,187.50	1,137,937.50	1,108,187.50	1,085,875.00	8,691,781.25	FY38
Series 2017 - GO MPL (Fruit St. Well)	107,531.26	103,781.26	100,406.26	97,781.26	95,812.51	766,921.88	FY38
Series 2019 - GO MPL (Cedar St.)	42,870.00	41,370.00	39,870.00	38,370.00	37,320.00	359,135.00	FY40
Series 2019 - GO MPL (Hayden Rowe)	49,487.50	47,737.50	45,987.50	44,237.50	43,012.50	392,343.75	FY40
Series 2019 - GO MPL (Grove St. Water Tank)	91,197.50	87,947.50	84,697.50	81,447.50	79,172.50	692,618.75	FY40
	7,607,344.81	7,009,802.87	6,580,095.85	6,271,144.84	5,940,245.66	51,206,396.25	

APPENDIX C:

Town of Hopkinton Five Year Capital DRAFT Plan FY 2026-2030								
<u>Department</u>	<u>General Fund Project</u>	<u>FY2026 Pre-Appro val</u>	<u>FY2027 Ideas (Not Approved)</u>	<u>FY2028 Ideas (Not Approved)</u>	<u>FY2029 Ideas (Not Approved)</u>	<u>FY2030 Ideas (Not Approved)</u>	<u>FY2031 Ideas (Not Approved)</u>	<u>FY26 - FY31</u>
Town Manager	Community Requests		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Info. Technology	End User Computer Hardware Refresh	\$56,950	\$59,000	\$61,000	\$62,000	\$66,000	\$70,000	\$374,950
Info. Technology	Multi Function Printer Cyclical Replacement (2)	\$8,000		\$28,000		\$30,000		\$66,000
Info. Technology	Core Server & Data Center Upgrades	\$0	\$55,000			\$0	\$80,000	\$135,000
Police	Patrol Cruiser Replacement (3)	\$230,338	\$244,158	\$258,808	\$274,336	\$290,196	\$310,000	\$1,607,836
Police	Police Station Office Expansion			\$100,000				\$100,000
Communication s	Public Safety Radio System Upgrade	\$3,200,000						\$3,200,000
Communication s	Public Safety Portable Radios	\$0	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$275,000
Fire	Mechanical Ventilators (Ambulance Fund)	\$38,925						\$38,925
Fire	Ambulance (A-2) Replacement				\$600,000			\$600,000
Fire	Vehicle (C-2 & C-4) Replacement, 2 Ford Explorer		\$150,000					\$150,000
Fire	Replace Cardiac Monitors (Ambulance Fund)		\$263,373					\$263,373
Fire	Addition to Fire Station 2			\$3,000,000				\$3,000,000
Fire	Vehicle (B-6) Replacement			\$100,000				\$100,000
Public Schools	HVAC, Large Air Handling Units	\$735,000		\$550,000	\$1,025,000	\$725,000		\$3,035,000
Public Schools	Building and Grounds Equipment/Vehicles		\$42,000	\$80,000				\$122,000
Public Schools	Adaptive Playground (CPC Funding)	\$1,243,000						\$1,243,000
Public Schools	Systemwide Technology Upgrades	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$600,000
Public Schools	Campus-Sewer Cover/Irrigation/Court Painting	\$60,000						\$60,000
Public Schools	Roof Replacement						\$3,737,500	\$3,737,500

Public Schools	Loop Road/Sidewalk/Parking Lot Campus Paving		\$1,500,000					\$1,500,000
Public Schools	Cafeteria Kitchen/Severy		\$1,500,000	\$1,500,000				\$3,000,000
Public Schools	Store Front (Entry Doors)	\$200,000						\$200,000
Public Schools	Keefe Tech (placeholder)				\$9,000,000			\$9,000,000
Facilities	Town Hall Boiler Replacement		\$100,000					\$100,000
Facilities	Senior Center Dining Facility Expansion		\$265,000					\$265,000
Facilities	Police Station Condensing Unit (Union concern)	\$200,000	\$800,000					\$1,000,000
Facilities	Fruit St. Garage Repairs		\$250,000					\$250,000
Facilities	Fire Station bathrooms and flooring upgrade (Union concern)	\$115,000						\$115,000
Facilities	Senior Center Condensing Units		\$500,000					\$500,000
Facilities	Fire Main - Envelope Repairs			\$150,000				\$150,000
Facilities	Multiple Equipment Replacement at Senior Center		\$40,875	\$40,875	\$40,875	\$40,875		\$163,500
Facilities	Replace Antifreeze Sr Center Sprinkler System	\$50,000						\$50,000
Public Works	Roadway Improvement - DiCarlo, Barbara, Peppercorn	\$600,000						\$600,000
Public Works	Replace Dump Truck (S-8)	\$411,000						\$411,000
Public Works	Replace Trackless Tractor (S-18)	\$245,800						\$245,800
Public Works	Drainage Improvement - Claflin Place	\$275,000						\$275,000
Public Works	Superduty Dump (S-24) INT 7600 body only replacement	\$125,000						\$125,000
Public Works	Pavement Management Plan Update	\$50,000						\$50,000
Public Works	Mt Auburn Cemetery "1899 building" repairs (CPC funding)	\$132,960						\$132,960
Public Works	Replace Trackless Tractor (S-19)		\$255,000					\$255,000
Public Works	Superduty Dump (S-4) INT 7600 Replacement		\$300,000					\$300,000
Public Works	Drainage Improvement (NPDES Compliance) - BMPs Lake Whitehall		\$250,000					\$250,000
Public Works	Roadway-Briarcliff, Wild, Thayer Hts, Hemlock		\$885,000					\$885,000

Public Works	Town-Wide Traffic Study		\$150,000					\$150,000
Public Works	Culvert & drainage improvements - Chestnut St		\$750,000					\$750,000
Public Works	Grist Mill Dam (North Mill St) rehabilitation		\$450,000					\$450,000
Public Works	NPDES MS4 Stormwater Catchment Investigations		\$275,000					\$275,000
Public Works	Replace Hot Box w/ Tow Behind Hot Box		\$100,000					\$100,000
Public Works	Replace Explorer (Car 1)		\$70,000					\$70,000
Public Works	Replace Ford F-550 Dump Truck (S-12)		\$135,000					\$135,000
Public Works	Replace Loader (L-11)			\$270,000				\$270,000
Public Works	Drainage Improvement - Wood St (near 360)			\$250,000				\$250,000
Public Works	Roadway/Stormwater - E Main, Curtis Rd			\$1,750,000				\$1,750,000
Public Works	Stormwater improvement - Cedar St			\$475,000				\$475,000
Public Works	Superduty Dump (S-6) INT 7600 Replacement				\$415,000			\$415,000
Public Works	Replace Ford F-350 (S-20)				\$135,000			\$135,000
Public Works	Stormwater - W Main, Lake Maspenock Area (engineering)				\$250,000			\$250,000
Public Works	Paving - Valleywood neighborhood				\$900,000			\$900,000
Public Works	Bloods Pond Dam (South Mill St) rehabilitation				\$761,000			\$761,000
Public Works	Replace Bomag Roller				\$35,000			\$35,000
Public Works	Replace Explorer (S1)					\$75,000		\$75,000
Public Works	Replace Vactor Truck (S-17)					\$600,000		\$600,000
Public Works	Replace Peterbilt 348 Dump Truck (S-25)					\$270,000		\$270,000
Public Works	Drainage Improvement - Hawthorne Lane					\$65,000		\$65,000
Public Works	Paving - Hawthorne Lane & Whitmore					\$275,000		\$275,000
Public Works	Paving - Fruit & Wood St					\$2,000,000		\$2,000,000
Public Works	Grove Street sidewalk & intersection improvements					\$535,150		\$535,150
Public Works	Mt Auburn Cemetery expansion					\$1,000,000		\$1,000,000
Public Works	Superduty Dump (S-24) INT 7600 Replacement					\$430,000		\$430,000

Public Works	Replace stump grinder					\$80,000		\$80,000
Public Works	Replace Peterbilt 10-wheel Dump Truck (S-7)						\$300,000	\$300,000
Public Works	Replace Dump Truck (S-5)						\$425,000	\$425,000
Public Works	Drainage Main Replacement - West Main Street (construction)						\$1,500,000	\$1,500,000
Public Works	Roadway improvement - Woody Island and Twin Island						\$900,000	\$900,000
Public Works	Sidewalk connection Senior Center to Main Street along Mayhew						\$450,000	\$450,000
Parks and Recs	Sandy Beach Parking Lot	\$472,108						\$472,108
Parks and Recs	EMC Park driveway (EMC Parking Lot Pavement)		\$80,000	\$450,000				\$530,000
		\$8,549,081	\$9,724,406	\$9,318,683	\$13,753,211	\$6,737,221	\$8,027,500	\$56,110,102
Water Enterprise	Vehicle Ford utility pickup W1	\$70,000						\$70,000
Water Enterprise	Vehicle Ford utility pickup W3	\$95,000						\$95,000
Water Enterprise	Town-wide Flushing Program (to address discolored water)	\$100,000						\$100,000
Water Enterprise	Vehicle Ford utility pickup W9	\$190,000						\$190,000
Water Enterprise	MWRA connection (engineering & permitting)	\$375,000						\$375,000
Water Enterprise	Grove St Tank (design)	\$250,000						\$250,000
Water Enterprise	MWRA build-out (engineering, permitting, construction - partial)		\$12,475,000					\$12,475,000
Water Enterprise	Grove St Tank (construction)		\$2,400,000					\$2,400,000
Water Enterprise	Water Main Replacement - East Main St (construction)		\$1,300,000					\$1,300,000
Water Enterprise	Water Main Replacement - Fruit St & Wood St (engineering)			\$400,000				\$400,000
Water Enterprise	Vehicle Dump Truck Replacement (W6)			\$90,000				\$90,000
Water Enterprise	MWRA build-out (construction)				\$12,475,000			\$12,475,000
Water Enterprise	Water Service updates - Pleasant St				\$800,000			\$800,000

Water Enterprise	Replace Chevy Truck (W7)				\$70,000			\$70,000
Water Enterprise	Water Main Replacement - West Main St (engineering)					\$250,000		\$250,000
Water Enterprise	Water Main Replacement - Fruit St & Wood St (construction)					\$1,900,000		\$1,900,000
Water Enterprise	Replace Chevy truck (W-4)						\$85,000	\$85,000
Water Enterprise	Fruit Street well building renovation (windows, repointing)						\$300,000	\$300,000
		\$1,080,000	\$16,175,000	\$490,000	\$13,345,000	\$2,150,000	\$385,000	\$33,625,000
Sewer Enterprise	WWTF screen system replacement (Required by DEP)	\$465,000						\$465,000
Sewer Enterprise	Main Replacement Design - Wood Street & vicinity	\$350,000						\$350,000
Sewer Enterprise	WWTF safety and control upgrades (Req'd. by DEP)		\$70,000					\$70,000
Sewer Enterprise	SSES - West Main St Pump Station tributary		\$250,000					\$250,000
Sewer Enterprise	Main Replacement Construction - Wood St & vicinity			\$2,000,000				\$2,000,000
Sewer Enterprise	Sewer System Evaluation Survey (SSES) - West Main St			\$250,000				\$250,000
Sewer Enterprise	Sewer Main Replacement - Saddle Hill Rd (engineering)				\$330,000			\$330,000
Sewer Enterprise	WWTF safety grate retrofit				\$33,000			\$33,000
Sewer Enterprise	Main Replacement - Saddle Hill Rd (may need phasing)					\$2,900,000		\$2,900,000
Sewer Enterprise	Sewer Main Replacement - West Main St (engineering)					\$250,000		\$250,000
Sewer Enterprise	Replace pickup truck (E1)						\$85,000	\$85,000
Sewer Enterprise	Sewer Main Replacement - West Main Street (construction)						\$2,000,000	\$2,000,000
Sewer Enterprise	Sewer System Evaluation Survey (SSES) - Charlesview neighborhood						\$210,650	\$210,650
		\$815,000	\$320,000	\$2,250,000	\$363,000	\$3,150,000	\$2,295,650	\$6,898,000

