



Town of Hopkinton FY 2025 Budget Discussion

October 10, 2023

FY25 Budget Process Launch

- Forecast shortfall of at least \$1.7 million
- Recommend directing budget growth within 4.4%
- Recommend a freeze on “new starts”
- Budget process will consider alternatives for meeting needs

FY25 Budget Process Elements

- Strategic Planning > Programming > Budgeting
- Informed by Mission, Vision, Goals
- Service with Diversity, Equity, Inclusion, Belonging
- Tax Impact is a Dimension of Community Equity

FY25 Budget Features

- Initial \$1.8 million Pay-As-You-Go Capital
- \$832,850 (+ 2.5%) for OPEB
- \$700,000 to Bring Stabilization to Policy Levels (5%)
- Tax Impact is a Dimension of Community Equity
- Work to Sustain FY24 Level of Services

Table 1: Sources of Funds		FY24 Budgeted Sources of Funds	FY25 Estimated Sources of Funds	% Chg. FY24 - FY25
1	Levy Base	\$83,567,525	\$88,183,133	5.5%
2	New Growth	\$1,650,000	\$1,567,500	-5.0%
3	Debt Exclusions	\$6,725,617	\$6,347,047	-5.6%
4	Less - Provision for tax abatements/exemptions	-\$500,000	\$0	<u>-100.0%</u>
5	Estimated Net Property Tax Revenue	\$91,443,142	\$96,097,680	5.1%
6	State Aid	\$11,490,752	\$12,065,290	5.0%
7	Less - Regional and State Program Charges	-\$398,619	-\$418,550	<u>5.0%</u>
8	Estimated Net State Aid	\$11,092,133	\$11,646,740	5.0%
9	Excise Tax, Licenses, other Local Receipts	\$5,650,050	\$5,932,553	5.0%
10	Cost Share from Enterprise Funds	\$780,076	\$799,578	2.5%
11	Ambulance, misc. sources	\$688,643	\$655,835	-4.8%
Total Recurring Sources of Funds		\$109,654,044	\$115,132,385	5.0%
12	Non -Recurring Sources: Cert. Free Cash	\$3,545,463	\$3,353,671	-5.4%
Total Sources of Funds		\$113,199,507	\$118,486,056	4.7%

Table 2: Uses of Funds		FY24 Budgeted Uses of Funds	FY25 Estimated Uses of Funds	% Chg. FY24 - FY25
13	Tax lien administration costs	\$50,000	\$50,000	0.0%
14	State funded Library spending	\$35,070	\$28,335	-19.2%
15	Repayment of Debt Principal and Interest*	\$7,417,184	\$7,114,757	-4.1%
15a	<i>Repayment of Existing Debt P&I, Excluded</i>	<i>\$6,725,617</i>	<i>\$6,347,047</i>	<i>-5.6%</i>
15b	<i>Repayment of Existing Debt P&I, In Levy</i>	<i>\$691,567</i>	<i>\$767,710</i>	<i>11.0%</i>
16	Deficits and Judgments	\$0	\$0	0.0%
17	Snow and Ice Surge Costs	\$0	\$0	0.0%
18	General Government	\$5,410,449	\$88,409,371	4.4%
19	Public Safety	\$8,191,856		
20	Education	\$61,597,652		
20a	<i>Hopkinton Public Schools</i>	<i>\$59,937,752</i>		
20b	<i>Special Education Reserve Fund</i>	<i>\$1,094,024</i>		
20c	<i>Regional Vocational Technical School</i>	<i>\$565,876</i>		
21	Public Works	\$6,868,502		
22	Health and Human Services	\$1,465,230		
23	Culture and Recreation	\$1,162,724		
24	Employee Benefits and Insurance	<u>\$17,570,377</u>		
Sub-Total Departmental Expenses		\$102,266,790	\$107,939,292	5.5%
Total Recurring Uses of Funds		\$109,769,044	\$115,132,384	4.9%
25	Transfer to OPEB (post-retirement health care)	\$832,850	\$853,671	2.5%
26	Transfer to Stabilization	\$700,000	\$700,000	0.0%
27	Town Meeting Capital Articles, free cash	\$1,897,613	\$1,800,000	-5.1%
Total Non-Recurring Uses of Funds		\$3,430,463	\$3,353,671	-2.2%
Total Uses of Funds		\$113,199,507	\$118,486,056	4.7%

+ \$3.7M, 4.4%
Available for
Increases within
Financial Policy
and Proposition
2 1/2

Table 3: FY25 Prospective New Recurring Revenue & Needs

Prospective New FY25 Recurring Revenue			\$3,712,958
Prospective New FY25 Costs			
Approved Debt within Levy		-\$76,143	
Hopkinton Public Schools			
8.4 Teachers	-\$630,000		
5.5 SPED Already Added	-\$599,000		
ELA Director	-\$100,000		
2.5 SPED Teachers	-\$212,500		
Administrators	-\$200,000		
25% Benefits for New School Staff*	-\$435,375		
HPS Contractual Obligations	<u>-\$2,635,600</u>		
Initial School Estimate		-\$4,812,475	
Non-School Contractual Obligations		<u>-\$500,000</u>	
Sum, Prospective FY25 New Costs			<u>-\$5,388,618</u>
Prospective Budget Shortfall			-\$1,675,660

“Floor” need
Identified
exceeds New
Recurring
Revenue
Estimate

* Benefits are paid outside the School Budget, but are presented here to reflect staff growth cost

FY25 Budget Gap Options

- Manage Proposed Cost Growth
- Additional Revenue Sources Emerge
- Deviate from Financial Policy on Recurring Funding
- Consider Override of Proposition 2 ½ Limits

Key Takeaway

Tonight marks the beginning of a process, and challenges are to be expected. Problems on this scale have been resolved in the past with collaborative effort by all stakeholders.