



**TOWN OF HOPKINTON**  
FINANCIAL DEPARTMENT  
18 Main Street Hopkinton, MA 01748

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## MEMORANDUM

**TO:** Board of Selectmen  
**FROM:** Christopher J. Ketchen, Finance Director  
**DATE:** Friday, September 28, 2012  
**SUBJECT:** Draft Budget Calendar and October Planning

The Town Manager and Board Chair have requested that I provide a brief review of the draft budget calendar as well as the current Financial Model at Tuesday night's meeting. In advance of the meeting, the following items are attached:

- Draft Budget Calendar – FY2014
- Town of Hopkinton – Financial Model (dated 9/28/2012)
- Town of Hopkinton – Budget Assumptions – For Discussion Purposes Only
- \*10/14/11 Memo from Town Manager – Fiscal 2013 Budget Message talking points (\*this is last year's recommendation, for you to review as point-of-reference)

Under Section 6-2(c) of the Town Charter, the Selectmen issue a policy statement on the budget on or before November 1<sup>st</sup> each year. The enclosed calendar proposes that the content of this statement be approved at the Board's October 23<sup>rd</sup> meeting, roughly a week before the Charter-mandated deadline.

On Tuesday, I will layout the proposed calendar for the benefit of the public and address any timing issues that Board members or others may have. In addition, I will discuss the various assumptions built into the financial projections for FY2014. I expect that Board members may have questions at that time. Furthermore, I expect that Board members will wish to discuss their thoughts regarding the content of the policy statement, and direct staff accordingly.

I look forward to meeting with you on Tuesday.

## Budget Calendar FY2014

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### Friday, September 28, 2012

- The Town Manager begins to schedule meetings with all appropriate department heads and committee/board chairs to review budget schedule and timelines.
- The Town Manager/Department Heads meet to discuss and propose departmental priorities to be forwarded to the Board of Selectmen for its consideration, ten-year financial forecast, preliminary revenue and budget projections for FY2014.
- The Town Manager sets and issues the budget calendar. *[Charter, Section 6-2(a)]*

### Tuesday, October 2, 2012

- The Town Manager and Finance Director will present to the Board of Selectmen the five year financial forecast, develop preliminary revenue and budget projections for FY2014, as well as begin developing the FY2014 budget message.

### Week of October 22, 2012

- Kick off the FY2014 budget season. The Board of Selectmen and Town Manager will issue a policy statement that establishes guidelines for the FY2014 budget at an all boards meeting. *[Charter, Section 6-2(c)]*

### Monday, September 24, 2012 – Monday, November 12, 2012

- Departments submit recommendations to the Capital Improvement Committee for capital expenditures.
- Departments submit project funding requests to the Community Preservation Committee.

### Monday, November 5, 2012

- Finance Director distributes budget forms to town departments/committees/boards.

Friday, December 28, 2012

- All preliminary budget requests due to the Town Manager. [*Charter, Section 6-2(d)*]
- Town Manager schedules and begins operational budget review with Departments.
- Capital Improvement Committee budget and Community Preservation Committee recommendations due to the Town Manager.
- All financial articles due to the Town Manager/Board of Selectmen.

Tuesday, January 15, 2013

- Town Manager presents preliminary Capital Improvement budget and Community Preservation Committee recommendations to joint Board of Selectmen and Appropriation Committee Meeting. [*Charter, Section 6-3*]

Monday, January 28, 2013

- School Committee Public Hearing on budget.

Tuesday, February 26, 2013

- Town Manager submits comprehensive budget (both capital and operational budgets) to joint meeting between the Board of Selectmen, Appropriations Committee and School Committee. [*Charter, Section 6-2(e)*]

Tuesday, February 19, 2013 – Tuesday, March 12, 2013

- Board of Selectmen to adopt Town-wide budget (including Schools and financial warrant articles) and submit to Appropriations Committee. [*Charter, Section 6-2(g)*]

On/Before Friday, April 26, 2013

- Appropriations Committee closes its public hearings on proposed budget and prints recommendations. [*Charter, Section 6-2(h)*]

Monday, May 6, 2013

- Town Meeting begins. [*Town Bylaw 47-2*]

TOWN OF HOPKINTON FINANCIAL MODEL		FINAL FISCAL 2011	FINAL FISCAL 2012	FINAL FISCAL 2013	PROJ FISCAL 2014	PROJ FISCAL 2015	PROJ FISCAL 2016	PROJ FISCAL 2017
<b>OPERATING BUDGET SUMMARY:</b>								
GENERAL GOVERNMENT	2,002,275.69	2,052,007.33	2,472,746.00	2,622,200.92	2,572,644.94	2,624,097.84	2,676,579.79	
PUBLIC SAFETY	4,068,276.81	4,109,106.38	4,293,330.00	4,379,196.60	4,466,790.53	4,556,116.14	4,647,238.47	
EDUCATION-HOPKINTON PUBLIC SCHOOLS	32,317,998.00	32,997,721.00	34,086,238.00	35,107,799.14	36,161,028.99	37,245,859.86	38,363,236.66	
EDUCATION-REGIONAL TECH VOCH SCHOOL	446,820.00	501,253.00	514,510.00	529,945.30	543,843.66	554,031.31	562,341.78	
PUBLIC WORKS	3,292,862.68	3,659,718.20	3,915,587.00	3,993,898.74	4,073,776.71	4,155,252.25	4,238,397.29	
HEALTH AND HUMAN SERVICES	339,661.20	347,150.46	354,650.00	361,743.00	368,977.86	376,357.42	383,884.57	
CULTURE AND RECREATION	349,386.55	345,152.00	346,972.00	353,911.44	360,989.67	366,209.46	375,573.69	
DEBT SERVICE CURRENT (Excludes CPFD/enterprise Debt)	6,233,411.00	6,012,203.75	5,183,087.60	4,865,205.83	4,569,286.99	3,771,142.90	3,525,911.00	
DEBT SERVICE AUTHORIZED/NOT ISSUED				376,983.00	421,522.00	407,687.00	505,447.00	
EMPLOYEE BENEFITS, INSURANCE & MISCELLANEOUS	8,090,186.00	8,372,638.00	8,602,447.00	8,774,496.94	8,949,986.86	9,128,985.58	9,311,565.29	
COMMUNITY PRESERVATION FUND			162,820.00	162,820.00	162,820.00	162,820.00	162,820.00	
SEWER ENTERPRISE FUND (Includes Capital Equipment)	2,541,051.96	2,232,683.99	2,719,922.00	2,774,320.44	2,829,806.85	2,886,402.99	2,944,131.05	
WATER ENTERPRISE FUND	1,673,456.28	1,674,669.86	1,666,549.00	1,953,679.98	1,421,757.58	1,450,192.73	1,479,196.59	
PARKS & RECREATION ENTERPRISE FUND	46,346.00	513,604.00	422,142.00	430,584.84	439,198.54	447,980.47	456,940.08	
Total Operating Budget	61,401,531.17	62,768,909.97	64,440,000.00	66,026,981.17	67,344,418.18	68,135,135.95	69,633,222.21	
Capital Plan	2,426,191.70	235,590.00	703,520.00	800,000.00	800,000.00	800,000.00	800,000.00	
Community Preservation Projects/Reservations		1,284,800.00	1,439,600.00	1,284,800.00	1,284,800.00	1,284,800.00	1,284,800.00	
Miscellaneous Articles		243,462.96	871,750.00	200,000.00	200,000.00	200,000.00	200,000.00	
Enterprise Articles from Free Cash			253,000.00	253,000.00	253,000.00	253,000.00	253,000.00	
<b>OTHER AMOUNTS TO BE RAISED:</b>								
Amounts Certified Tax Title Purposes	19,051.00	19,800.00	19,989.50	20,000.00	20,000.00	20,000.00	20,000.00	
Unprovided Debt & Interest Charges								
Allow Abate & Exemp Deficits-Fr Yr								
Cherry Street Offsets-Res Dir Exp	24,662.00	26,694.00	26,953.00	26,700.00	26,700.00	26,700.00	26,700.00	
Revenue Deficit-Prior Year								
Authorized deferral of teachers' pay								
Snow & Ice Deficit-Prior Year	382,777.14	682,065.38	193,128.82	500,000.00	500,000.00	500,000.00	500,000.00	
Other(Hurricane Irene)			89,725.38					
Total Other Amounts to be Raised	426,490.14	628,579.38	328,786.70	546,700.00	546,700.00	546,700.00	546,700.00	
State & County Charges(Incl Tuition Assessments)	620,824.00	613,669.00	579,865.00	640,000.00	640,000.00	640,000.00	640,000.00	
Allowance Abatements & Exemptions (Overlay)	404,011.67	404,455.27	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	
TOTAL AMOUNT TO BE RAISED	65,279,048.68	66,179,396.58	69,066,531.70	70,201,481.17	71,518,918.18	72,309,635.95	73,807,722.21	

TOWN OF HOPKINTON FINANCIAL MODEL												
	FINAL		FINAL		FINAL		FINAL		FINAL		FINAL	
	FISCAL 2011	FISCAL 2012	FISCAL 2013	FISCAL 2014	FISCAL 2015	FISCAL 2016	FISCAL 2017	FISCAL 2011	FISCAL 2012	FISCAL 2013	FISCAL 2014	FISCAL 2015
TOTAL AMOUNT TO BE RAISED	66,279,048.68	66,179,396.58	69,066,531.70	70,201,481.17	71,518,918.18	72,309,635.95	73,887,722.21					
LESS REVENUE/AVAILABLE FUNDS:												
Tax Revenue	See Below	See Below	See Below	See Below	See Below	See Below	See Below					
Local Revenue	3,175,000.00	3,728,450.54	3,011,280.50	3,107,092.00	3,117,092.00	3,127,092.00	3,127,092.00					
State Aid	6,636,936.00	6,516,936.00	6,784,204.00	6,519,908.00	6,519,908.00	6,519,908.00	6,519,908.00					
MSBA School Construction Reimbursement	2,285,903.00	2,285,903.00	2,077,594.00	1,487,086.00	1,487,086.00	1,487,086.00	1,487,087.00					
Free Cash-Appropriations from	594,592.00	359,176.00	1,321,520.00	600,000.00	600,000.00	600,000.00	600,000.00					
Free Cash-Offset Tax Rate												
Community Preservation Fds Debt/Projects/Reservations	Incl below	1,614,900.00	1,602,420.00	1,447,620.00	1,447,620.00	1,447,620.00	1,447,620.00					
Available Funds	3,144,741.88	535,078.46	429,814.65	139,854.49	139,611.75	139,500.00	139,500.00					
Enterprise Revenue/Enterprise Free Cash	3,820,150.00	4,104,985.85	5,359,667.00	6,466,860.34	5,576,197.55	5,687,721.50	5,801,475.83					
TOTAL REVENUE/AVAILABLE FUNDS	19,659,322.88	19,745,439.85	20,586,600.15	18,768,420.83	18,887,545.30	19,008,927.50	19,122,682.83					
VARIANCE/TAX LEVY	(45,620,725.80)	(47,033,956.73)	(48,479,931.55)	(51,433,060.34)	(52,631,402.88)	(53,300,708.45)	(54,685,059.28)					

TOWN OF HOPKINTON		FISCAL 2014	FISCAL 2015	FISCAL 2016	FISCAL 2017
BUDGET ASSUMPTIONS		PROJ	PROJ	PROJ	PROJ
FOR DISCUSSION PURPOSES ONLY					
1	Operating Budget-Non-Enterprise-Wages & Salaries & Exp	2%	2%	2%	2%
2	HPS/Keefe Tech	3%	3%	3%	3%
3	HR/Compensation Reserve	Level	Level	Level	Level
4	Unemployment Insurance	2%	2%	2%	2%
5	FICA-Town Share	2%	2%	2%	2%
6	Life Insurance Premiums	2%	2%	2%	2%
7	Health Insurance Premium	2%	2%	2%	2%
8	Middlesex County Assessment	2%	2%	2%	2%
9	Drug and Alcohol Testing	2%	2%	2%	2%
10	Blanket Insurance Premiums	2%	2%	2%	2%
11	Debt Service Current	per Treas	per Treas	per Treas	per Treas
12	Debt Service Projected				
13	Capital Plan pay-as-you-go ClC	800,000	800,000	800,000	800,000
14	Community Pres Fd Appropriations Projects/Reservation	pending rec	pending rec	pending rec	pending rec
15	Other amounts to be raised	Level	Level	Level	Level
16	State & County Charges	Level	Level	Level	Level
17	Allowance for Abatements & Exemptions(+50K)	450,000	450,000	450,000	450,000
18	New Growth per BOA vote	950,000	950,000	1,000,000	1,000,000
19	Local Revenue	3,107,092	3,177,092	3,127,092	3,127,092
20	State Aid	Level	Level	Level	Level
21	MSBA School Construction Reimbursement	Per TIC	Per TIC	Per TIC	Per TIC
22	Free Cash-Appropriations from (Est pending DOR Certification)	600,000	600,000	600,000	600,000
23	Available Funds	139,854	139,612	139,500	139,500
24	Community Pres Fund Revenue/Undes Fd Balance(plac holder)	139,854	139,612	139,500	139,500
25	Enterprise Revenue/Enterprise Free Cash	Level	Level	Level	Level
26	Direct/Indirect Costs	Projected +2%	Projected +2%	Projected +2%	Projected +2%
27	Debt Service authorized but unissued, currently bond anticipation notes, permanent financing not projected in model, most is debt excluded or water and sewer which has no bottom line impact Debt EXCLUSIONS passed ATM 05/12 P&I not appropriated in model. Treas goal is to time the bond issues for the Bond repay in FY14	pending-currently BANS	pending-currently BANS	pending-currently BANS	pending-currently BANS
28		pending	pending	pending	pending



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

**MEMO**

**TO:** Board of Selectmen  
**FROM:** Norman Khumalo  
**RE:** FISCAL 2013 BUDGET MESSAGE talking points  
**DATE:** October 14, 2011

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Pursuant to the Board of Selectmen requests I would like to recommend the following elements for the FY 13 Budget Message:

1. Level-fund all FY 12 operational expenses;
2. Identify and include all incremental contractual labor costs and absorb them in operational budgets;
3. Identify impact of level funded budget on current level of service;
4. Promote revenue diversification and engage departments in enhancing revenue sources; and
5. Continue to identify additional efficient operation and cost containment measures

The rationale for the above approach is:

1. Current economic crisis remains unresolved;
2. State aid allocation is unknown;
3. State charges and regional vocations school charges are unknown for now;
4. Impact of loss of "non-town funding sources", especially in education, is unknown at this time
5. Potential increase in fixed costs; and
6. Need to minimize tax impact.

On the positive side, new growth is expected to expand due to Legacy Farms.