

TOWN OF GROTON FINANCE COMMITTEE

*Wednesday, December 19th, 2017: 7:00 p.m.
Town Hall, Selectmen's Meeting Room
173 Main St. Groton, MA*

Present for Finance Committee: G. Green (Chair), B. Robertson (Vice Chair), Art Prest, S. Whitefield, J. Sjoberg

Absent: D. Manugian, L. Leonard

Also Present: P. Dufresne (Town Accountant/Recording Secretary), M. Haddad (Town Manager), J. Anderson (Resident), B. Easom (GELD Commissioner, CPC Chairman)

Documents available at the meeting: Town of Groton 5-Year Financial Projection

Mr. Green convened the open session off the Finance Committee at 8:00 pm.

FY19 Operating Budget – Mr. Haddad informed the group that the current draft budget does in fact meet the guidance provided by the BOS and FinCom to restrict municipal growth to 3% (exclusive of debt) while meeting the needs of the school district. He was pleased to report that excluded debt is going down on both sides, however there is still cause for concern regarding the trend in GDRSD operating growth for the future. The district is struggling with reductions in revenue and there are signs that enrollment is heading up (kindergarten and 1st grade). Mr. Robertson pointed out that the most recent calculations show an operational run rate for the district of 6.95%. This will result in continual tax overrides which will be difficult to support. Mr. Green suggested that the Finance Committee commit special attention to studying the GDRSD budget this year. The members agreed that they had no authority to direct the district budget, but did have an obligation to Groton taxpayers to advise when there is a clear need. Mr. Robertson felt it would be useful to identify unusual revenue shortages and cover those from Free Cash, thereby saving in-levy funding for other operational needs. Mr. Haddad noted that due to the size of the district's needs, there is no unexpended tax capacity currently available in the FY19 budget. He also mentioned that the five-year projection estimates wage growth at an unrealistically low rate. District growth of 4.5% annually will lead to tax overrides; 3.5% growth can be handled within the levy. A brief discussion ensued regarding the estimate of new growth for FY19. Mr. Robertson felt that the Town has been overly conservative when estimating this, and should use a figure of \$20 million (rather than \$17 million). He added that the five-year projection figures show the Town is running quite close to its sustainability model, though the school district is fairly divergent. The FinCom members requested that the Town Manager change the five-year projection model to show the actual school operating run rate, as well as the resulting tax override result. If the district must grow at 4.5%, this will translate to a 6.7% assessment and substantial year over year deficits. Mr. Haddad agreed to make this change and told the FinCom they would have an FY19 budget by December 31st. Mr. Haddad left the meeting at this time.

The Finance Committee discussed the idea of assigning liaisons to the Department Heads, and decided it would not be necessary as most of the significant budgetary questions would be dealt with during the Saturday Budget meeting. This meeting was subsequently set for January 27th, beginning at 9:00 a.m. Mr. Green noted that these large joint meetings can be difficult to control. Mr. Robertson replied that it is important that attendees be allowed to speak on issues of concern, but encouraged FinCom members to stick to major themes if possible. Mr. Green would like to meet with the School Committee (especially the Budget and Finance subcommittee) in joint session with the Dunstable Advisory Board, followed by meetings with the BOS of both towns. This will help synchronize everyone's financial projections. He added that he was pleased that the Town Manager had met the budget guidance and also feels that contract negotiations are being managed well.

Mr. Green said he would like the Town and District to establish written policies regarding the use of the Stabilization Funds. This can be brought up at the joint meetings with the three boards. He wondered if the District would be willing to share some of the risk as the Town considers a policy of budgeting revenue more aggressively. If the District is unwilling to share some of the risk, the Town may want to reconsider its position and return to conservative revenue estimation. Mr. Robertson said he is confident the Town will not face a short-term revenue shortage. If such a shortage did occur, there are reserves available to address that, and a correction would be made for the following year. He stressed that the District should focus on determining how to contribute to its own capital requirements. This is achievable now as they have a new Stabilization Fund in which to store excess funds.

The group discussed how to best publicize the municipal budget and its priorities so as to balance the messages circulated by the School Committee. Mr. Green said the members could decide to be more proactive, but he is comfortable with the current process, and would prefer not to politicize the issue.

Mr. Haddad informed the FinCom that the Florence Roche school is on the MSBC project short list. He added that an article will be put forward at the spring town meeting to authorize spending of \$750,000 for a feasibility and design study. The entire project is estimated at approximately \$40 million, with about \$25 million to come from the Town and \$15 million from the MSBC (provided the project scores 41% on their reimbursement calculation). The feasibility/design services will be funded either through short-term bonding or possibly a debt exclusion. Mr. Green favors a debt exclusion as it would require a town-wide vote. He reminded the other members that the budget presentation and public hearing would be held on January 8th, at 7:00 p.m. in the 2nd Floor Meeting Room at Town Hall.

Minutes: On a motion by Mr. Robertson, seconded by Mr. Prest, the Finance Committee voted unanimously to approve the meeting minutes of 11/14/17 as amended. The Vote: 5-0-0

Mr. Green officially adjourned the Finance Committee meeting at 8:55 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary

TOWN OF GROTON
FIVE YEAR PROJECTION

Revised: 12/18/2019

	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
		Percent Increase		Percent Increase		Percent Increase		Percent Increase		Percent Increase		Percent Increase
Expenditures												
Municipal Wages	\$ 7,234,826	\$ 7,343,348	1.50%	\$ 7,453,498	1.50%	\$ 7,565,301	1.50%	\$ 7,678,780	1.50%	\$ 7,793,962	1.50%	
Employee Benefits	\$ 4,192,131	\$ 4,505,487	7.47%	\$ 4,653,272	3.28%	\$ 4,960,414	6.60%	\$ 5,290,354	6.65%	\$ 5,644,932	6.70%	
Sub-Total	\$ 11,426,957	\$ 11,848,835	3.69%	\$ 12,106,770	2.18%	\$ 12,525,715	3.46%	\$ 12,969,135	3.54%	\$ 13,438,894	3.62%	
Municipal Expenses	\$ 2,803,513	\$ 2,831,548	1.00%	\$ 2,859,864	1.00%	\$ 2,888,462	1.00%	\$ 2,917,347	1.00%	\$ 2,946,520	1.00%	
Sub - Total	\$ 14,230,470	\$ 14,680,383	3.16%	\$ 14,966,634	1.95%	\$ 15,414,177	2.99%	\$ 15,886,482	3.06%	\$ 16,385,414	3.14%	
Debt Service - In Levy Capacity Only	\$ 522,945	\$ 522,945	0.00%	\$ 522,945	0.00%	\$ 522,945	0.00%	\$ 522,945	0.00%	\$ 522,945	0.00%	
Total - Municipal Budget	\$ 14,753,415	\$ 15,203,328	3.05%	\$ 15,489,578	1.88%	\$ 15,937,122	2.89%	\$ 16,409,427	2.96%	\$ 16,908,359	3.04%	
Groton Dunsstable Regional School	\$ 20,116,257	\$ 20,820,328	3.50%	\$ 21,549,037	3.50%	\$ 22,303,254	3.50%	\$ 23,083,868	3.50%	\$ 23,891,803	3.50%	
Middle School Roof Debt Service	\$ 57,181	\$ 58,039	1.50%	\$ 58,909	1.50%	\$ 59,793	1.50%	\$ 60,690	1.50%	\$ 61,600	1.50%	
Nashoba Regional Technical High School	\$ 625,746	\$ 641,390	2.50%	\$ 657,424	2.50%	\$ 673,860	2.50%	\$ 690,707	2.50%	\$ 707,974	2.50%	
Total - Regional Schools Assessments	\$ 20,799,184	\$ 21,519,754	3.46%	\$ 22,265,371	3.46%	\$ 23,036,907	3.47%	\$ 23,835,264	3.47%	\$ 24,661,377	3.47%	
Total Operating Expenses	\$ 35,552,599	\$ 36,723,083	3.29%	\$ 37,754,950	2.81%	\$ 38,974,028	3.23%	\$ 40,244,691	3.26%	\$ 41,569,737	3.29%	
Additional Appropriations												
OPEB	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%	\$ 100,000	0.00%	\$ 100,000	0.00%	\$ 100,000	0.00%	
Capital Budget Request	\$ 485,558	\$ 500,000	2.97%	\$ 500,000	0.00%	\$ 500,000	0.00%	\$ 500,000	0.00%	\$ 500,000	0.00%	
Overlay Deficit From Prior Years	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
Cherry Sheet Offsets	\$ 20,000	\$ 20,000	0.00%	\$ 20,000	0.00%	\$ 20,000	0.00%	\$ 20,000	0.00%	\$ 20,000	0.00%	
Snow and Ice Deficit	\$ 200,000	\$ 205,000	2.50%	\$ 210,125	2.50%	\$ 215,378	2.50%	\$ 220,763	2.50%	\$ 226,282	2.50%	
State and County Charges	\$ 89,523	\$ 91,761	2.50%	\$ 94,055	2.50%	\$ 96,406	2.50%	\$ 98,817	2.50%	\$ 101,287	2.50%	
Allowance for Abatements/Exemptions	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%	\$ 200,000	0.00%	\$ 200,000	0.00%	\$ 200,000	0.00%	
Sub-Total Additional Appropriations	\$ 1,095,081	\$ 1,116,761	1.98%	\$ 1,124,180	0.66%	\$ 1,131,785	0.68%	\$ 1,139,579	0.69%	\$ 1,147,569	0.70%	
Grand Total Appropriations	\$ 36,647,680	\$ 37,839,844	3.25%	\$ 38,879,130	2.75%	\$ 40,105,813	3.16%	\$ 41,384,270	3.19%	\$ 42,717,305	3.22%	
Revenues												
Previous Year Proposition 2½ Levy Limit	\$ 29,360,225	\$ 30,467,631	3.77%	\$ 31,529,322	3.48%	\$ 32,617,555	3.45%	\$ 33,732,994	3.42%	\$ 34,876,318	3.39%	
Allowed 2½ Increase	\$ 734,006	\$ 761,691	3.77%	\$ 788,233	3.48%	\$ 815,439	3.45%	\$ 843,325	3.42%	\$ 871,908	3.39%	
New Growth	\$ 373,400	\$ 300,000	-19.66%	\$ 300,000	0.00%	\$ 300,000	0.00%	\$ 300,000	0.00%	\$ 300,000	0.00%	
Proposition 2½ Override	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
State Aid	\$ 912,979	\$ 900,000	-1.42%	\$ 900,000	0.00%	\$ 900,000	0.00%	\$ 900,000	0.00%	\$ 900,000	0.00%	
Local Receipts	\$ 3,938,302	\$ 4,036,760	2.50%	\$ 4,137,679	2.50%	\$ 4,241,121	2.50%	\$ 4,347,149	2.50%	\$ 4,455,827	2.50%	
Free Cash	\$ 369,350	\$ 372,000	0.72%	\$ 372,000	0.00%	\$ 372,000	0.00%	\$ 372,000	0.00%	\$ 372,000	0.00%	
Transfer from Enterprise Funds	\$ 248,860	\$ 267,425	7.46%	\$ 285,048	6.59%	\$ 303,833	6.59%	\$ 323,856	6.59%	\$ 345,198	6.59%	
Other Available Funds:	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
EMS Fund	\$ 225,000	\$ 225,000	0.00%	\$ 225,000	0.00%	\$ 225,000	0.00%	\$ 225,000	0.00%	\$ 225,000	0.00%	
Stabilization Fund	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
Capital Stabilization Fund	\$ 485,558	\$ 500,000	2.97%	\$ 500,000	0.00%	\$ 500,000	0.00%	\$ 500,000	0.00%	\$ 500,000	0.00%	
Grand Total Revenues	\$ 36,647,680	\$ 37,830,506	3.23%	\$ 39,037,282	3.19%	\$ 40,274,947	3.17%	\$ 41,544,323	3.15%	\$ 42,846,251	3.13%	
Surplus/(Deficit)	\$ 0	\$ (9,338)		\$ 158,152		\$ 169,134		\$ 160,053		\$ 128,946		