

TOWN OF GROTON FINANCE COMMITTEE Regular Session

*Wednesday, April 15th, 2020, 6:00 p.m.
Virtual Meeting
Zoom ID# 936-981-306*

Meeting Jointly with the Select Board & GDRSD School Committee

Present for Finance Committee: B. Robertson (Chair), C. Doody, D. Manugian, S. Whitefield, M. Linskey, A. Prest, G. Green

Present for School Committee: M. Gilbert (Chair), F. Raynor, J. Kubick, B. LeBlanc, P. Cronin, R. McLane, W. Healey

Present for Select Board: A. Manugian (Chair), J. Reilly, B. Pine, J. Degen, J. Giger

Also Present: P. Dufresne (Town Accountant), M. Haddad, L. Chesson (School Superintendent), S. Kersey (Dir. of Business & Finance), J. Sivazlian (Admin Asst)

Documents available at the meeting: District Estimated E&D Analysis for Year-End
Groton FY21 Levy Limit Projection 4/08/2020

Ms. Manugian called the regular session of the Select Board to order at 6:05 p.m.

Ms. Gilbert called the regular session of the School Committee to order at 6:05 p.m.

Mr. Robertson called the regular session of the Finance Committee to order at 6:05 p.m.

FY2020 District Expense Summary – Ms. Kersey began by summarizing her estimate of District budgets that would remain unspent at the end of the fiscal year (see attached). The School Committee is considering using \$800,000 of E&D to offset the FY21 budget. This taken together with the number of programs that are currently shut down, (and assuming that assumptions used in this calculation hold true) the potential E&D balance certified for year-end could be approximately \$1,700,000. Dr. Chesson noted that some of these savings would be reduced if onsite instruction resumes on May 4th. She hopes to receive some guidance from the state about the potential for re-opening the district early next week. It was noted that the impact of transportation expenses and reimbursement income lost due to unspent line items may need to be analyzed. Mr. Green asked about the status of MSBA reimbursements relative to the Florence Roche School Feasibility Study. Ms. Kersey replied that \$57,629 is expected to be received for FY20; the bulk of the reimbursement for the study is not expected until FY21 but should arrive on schedule. Ms. Pine asked for clarification on the payroll savings noted in the analysis presented. Ms. Kersey explained that payroll related to shut-down programs would remain unspent, including substitute teachers, lunch aids, crossing guards, etc.

Mr. Haddad asked for an estimate of how the use of E&D would impact the FY21 assessment to the member Towns. Ms. Gilbert pointed out that district services must still be funded for FY21, and they may very well see a reduction in State revenue as well. However, she believes that both Groton & Dunstable would see some relief in their assessments given this scenario. Mr. Haddad then shared Groton's estimated Levy Limit calculation for FY21. He noted that given the current crisis, new growth estimates have been reduced by \$5 million which translates to a loss in revenue of \$86,900. Local receipt estimates have also been adjusted as follows: Motor Vehicle Excises reduced by \$100k, Meals/Rooms Tax reduced by \$150k, Fees reduced by \$40k, and Country Club revenue reduced by \$50k. Additionally, \$346,570 in capital purchases have been deferred to a future time. The resulting deficit calculation is \$426,900 which may be reduced by eliminating lifeguards at the beach (\$28k), cutting weed maintenance at Baddacook pond (\$15k), and offsetting \$100k of the Snow & Ice deficit with a combination of Overlay Surplus and Line Item Transfers. These additional budget adjustments have resulted in a proposed FY21 deficit of \$283,900 which may be funded from Stabilization or Free Cash. Mr. Haddad went on to say that other plans for saving money were being explored, and a hiring freeze has already been put in place (currently affecting the DPW and Police Departments). Mr. Green believes the revenue reductions proposed should probably be more aggressive. Mr. Haddad discussed each of the local receipt categories and explained his philosophy when calculating each new estimate. He concurred that PILOT revenue may be at risk for an additional \$40k, Municipal Reimbursements (from Dunstable) about \$15k, and Library Fines around \$12k. Licenses and permit revenue is very hard to predict at this stage and may be significant. Estimates for these will be easier to make later in the fall. Mr. Haddad confirmed for the School Committee that their proposed use of E&D would result in unexpended tax capacity in Groton for FY21. Ms. Kersey noted that an \$800k budget offset from District E&D would reduce Dunstable's assessment by roughly \$182k and Groton's assessment by roughly \$615k.

Ms. Gilbert asked the School Committee members to share their opinions regarding use of E&D for FY21. Mr. Kubick was not opposed but was wary of the many uncertainties at this point. Mr. LeBlanc opined that the savings realized from shut-down programs was in effect being returned to the member towns via assessment reductions, but this is reasonable. Ms. Raynor asked for clarification on Dunstable's financial position. Ms. Gilbert replied that Dunstable had planned to request a tax override, but is no longer assuming that they can be successful with that. They will be sharing their budget information with the District on May 6th. Mr. McLane confirmed that Dunstable officials had recently voted to delay their override request. They are currently looking for ways to bridge the approximately \$300k deficit for FY21 and may seek an override for FY22. The proposed District E&D offset would be very helpful in bridging the gap for FY21. Mr. McLane felt that the deficit estimate provided by the Town Administrator may need to be revised upwards by possibly \$100k. Dunstable will be exploring funding mechanisms as they understand the District is limited in how much E&D can be made available. Mr. Kubick noted that E&D does not have to be voted until the first Town Meeting, which may be asking the Towns to wait too long. Mr. Haddad agreed that the warrant would be mailed out in Groton on May 1st, so he would need to finalize the budget by April 27th.

Mr. Robertson asked about District wage growth (which tends to drive Town assessment growth). Ms. Gilbert agreed that given the proposal to use \$800k of E&D with contracts that allowed for 1.5% wage increases, this is an issue.

Dr. Chesson informed the group that while the District is doing the best it can in providing SpEd services, there will likely be compensatory services required when this crisis ends. This is likely to eat into projected savings. Also, the representative from Dee Bus has indicated that upcoming contract negotiations may prove more difficult and costly for the District. The group briefly discussed the new Payroll Protection Program which was made available to help small businesses during the crisis but which is already running short of funding. Additional funding may be coming (which could alleviate pressure on the bus company) but there could be a significant delay in that relief.

Ms. Gilbert said she would try to get an answer for the Towns on the proposed use of District E&D funds after their meeting on April 22nd. She would like to receive additional budget information from Dunstable. Mr. Haddad said he felt that a great deal had been accomplished during this meeting.

Mr. Robertson officially adjourned the regular session of the Finance Committee at 7:00 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary

FISCAL YEAR 2021 LEVY LIMIT CALCULATION

BALANCED BUDGET

Revised: 4/8/2020

I. TO CALCULATE THE FY 2020 LEVY LIMIT

A.	FY 2019 LEVY LIMIT	\$	30,650,535	
A1.	ADD AMENDED FY 2019 NEW GROWTH	\$	-	
B.	ADD TWO AND ONE HALF PERCENT	\$	766,263	
C.	ADD FY 2020 NEW GROWTH	\$	515,620	
D.	ADD FY 2020 OVERRIDE	\$	-	
E.	FY 2020 SUBTOTAL	\$	31,932,418	\$ 31,932,418
F.	FY 2020 LEVY CEILING	\$	48,508,630	FY 2019 LEVY LIMIT

II. TO CALCULATE THE FY 2021 LEVY LIMIT

A.	FY 2020 LEVY LIMIT	\$	31,932,418	
A1.	ADD AMENDED FY 2020 NEW GROWTH	\$	-	
B.	ADD TWO AND ONE HALF PERCENT	\$	798,310	
C.	ADD FY 2021 NEW GROWTH	\$	173,800	
D.	ADD FY 2021 OVERRIDE			
E.	FY 2021 SUBTOTAL	\$	32,904,529	\$ 32,904,529
F.	FY 2021 LEVY CEILING	\$	48,508,630	FY 2020 LEVY LIMIT

Groton-Dunstable Regional School District
Estimated Excess & Deficiency Use and Replenishment
As of April 15, 2020

Certified Excess & Deficiency	\$ 948,895	2.28% (5% limit = \$2,078,024)
Potential Reduction: E & D Appropriation FY21 Budget	<u>\$ (800,000)</u>	To be determined-for illustrative purposes tonight
Estimated Remaining Balance	\$ 148,895	

Potential Add: FY20 MSBA Feasibility Study Reimbursement	\$ 57,629	
Fairly Certain of Remaining Balances		
Potential Add: FY20 Unspent Contingency	\$ 262,297	
Potential Add: FY20 Unspent Payroll & Benefits	\$ 281,379	
Potential Add: FY20 Unspent Supplies, Textbooks, Paper, etc	\$ 179,967	
Potential Add: FY20 Custodial Contracted Services	\$ 217,000	
Subtotal:	\$ 940,643	
Unknown Certainty of Remaining Balances		
Potential Add: FY20 Unspent Regular Transportation (2.75 mo)	\$ 360,250	Currently being negotiated-WILL BE LOWER
Potential Add: Special Ed Trans-Contracted (4 months)	\$ 80,000	Currently being negotiated -WILL BE LOWER
Potential Add: HS Coaches-Regular Season	\$ 109,206	Waiting to hear about season
Potential Add: MS Coaches	\$ 3,512	Waiting to hear about season
Subtotal:	<u>\$ 552,968</u>	
Potential June 30, 2020 Excess & Deficiency Balance	\$ 1,700,135	VERY PRELIMINARY!!