### Finance Committee Meeting

#### Tuesday, November 2, 2021 at 6:00 PM

#### Town Hall: First Floor Meeting Room, 173 Main Street Groton, MA

#### **Draft Minutes**

**FinCom Members Present:** Bud Robertson, Chair; Colby Doody, Vice Chair; David Manugian, Mary Linskey, Clerk; Scott Whitefield,

**Also Present**: Patricia Dufresne, Town Accountant; Judy Anderson

**Absent**: Arthur Prest, Gary Green

6:00 P.M. Chairman Bud Robertson called the meeting to order.

**Discussion: Annual Review of Financial Management Policies**

**Procedure for Processing Expense Warrants**

P. Dufresne explained that the Expense Warrants are distributed on Friday to allow for any comments before the final approval. D. Dunbar will then pass the Expense Warrants around the Select Board meeting to receive signatures. When the meetings were held virtually, a primary signatory was assigned to approve the warrants. J. Degen frequently requests to review the invoices.

**Internal control policy**

P. Dufresne commented that the Town rarely receives federal money in large amounts and a Federal Grant Management Policy was required in order to comply with this year's audit. Feedback from the auditors has not yet been received. P. Dufresne suggested passing the policy to the ARPA consultants for any revisions if necessary.

B. Robertson noted that there is one addition to the Internal Control policy, “The Original contract will be kept on file in the Town Accountant’s Office”. He approved this addition.

D. Manugian questioned if Federal Funds require authorization to spend it and who officially authorizes the expenditures. P. Dufresne responded that this funding is awarded as a grant and needs no further appropriation before it can be spent. That is the reason why proper oversight is required. Town Meeting did authorize a transfer of $90,000 out of the ARPA Funds and into the General Fund for the Highway Department as part of the FY22 Budget Amendment article. A Consultant (CSS, Inc.) has been hired to help negotiate the ARPA deliverables, and together with the individual Project Managers, will monitor the spending of the ARPA Funds and ensure that the funds are being properly used. The Nod Road Pump Station will be one of those projects and a specific code will be used to track the spending. P. Dufresne said that it has been a learning process, but they now have a better understanding of the Federal compliance requirements and are able to set up the Financial Software to ensure efficient tracking. M. Linskey commented that the audit firm will test expenditures to prove that all compliance requirements have been met. The Project Manager will be able to maintain internal control. P. Dufresne explained that there are risks associated with awarding to sub recipients (such as the school districts) as this will necessitate a completely different level of monitoring. The Town is responsible for district expenditure compliance. The Town Manager has authorization for spending the ARPA Funds. M. Haddad had proposed a budget for the grants awarded and presented it to the Select Board at an open meeting. Since that time, some of those budgets have required adjustment such as the Cell Tower project which is projected to cost more than originally anticipated. A significant portion of the ARPA budget is for GDRSD; they hired teachers to enforce social distancing guidelines which will likely be charged to revenue loss. P. Dufresne commented that the funding has to be carefully managed and is being provided in two lump sums (separated by 12 months). Any leftover funds will support the water and sewer departments for eligible infrastructure projects.

B. Robertson brought the group’s attention to page 23 and 24 listing the Trust Fund (IPS), General Fund (IPS), and OPEB Trust (IPS) as separate policies within the Financial Policy. He stated that they are very similar and questioned who receives the reports. In the Reporting Requirement it states the following, “On a semi-annual basis, a report containing the following information will be prepared by the Treasurer and distributed and/or authorized persons and distributed to the Town." P. Dufresne stated that she receives a monthly report from the Trust Fund and the Income from the Treasurer. There was a discrepancy on where the reports should be distributed to, one policy states the Town Manager and the other states the Town. B. Robertson stated that the Trust Fund is also missing a signature.

P. Dufresne affirmed that she will verify the language of the policies with M. Hartnett and ensure that the Trust Fund Policy section is signed.

D. Manugian asked to discuss the General Finance Guidelines item #6,"The Town will maintain a Conservation Fund of at least 2% of the Town's current line-item budget." P. Dufresne commented that the Conservation Commission may request to increase their percentage of funding. Their funding is received through the Community Preservation Committee and usually maintains a $600,000-$800,000 balance. Occasionally, the ConsCom balance runs low due to the purchase of a large property. D. Manugian questioned why the Conservation Fund is identified in the Finance Policies and is prioritized to be funded over all other committees. B. Robertson commented that increasing the funding percentage to 3% would probably be too high. The FinCom then had a brief discussion regarding items #4 and #5 (stabilization fund targets) and #6 (ConsCom Stabilization target amount set aside to provide the opportunity to purchase land and preserve it). The ConsCom has authorization to spend the money when necessary due to the need to move fast when purchasing real estate. D. Manugian commented that affordable housing should have the same opportunities. B. Robertson requested that if anyone recommends eliminating the Conservation Funds from the Financial Guidelines, they please provide an explanation in writing. The concern can then be brought before the Select Board. D. Manugian stated that he will contact the Conservation Committee and question the reason for the financial targets spelled out in the policy. He will then report back to the FinCom.

B. Robertson briefly went over the remaining Financial General Guidelines and Free Cash Policy. There were no changes to the percentages of the following policies: General Stabilization (5%), Reserve Capital (1.5%), Conservation Fund (2%), and FinCom (1%). The Debt service budget remains below 5% of equalized value, and even after the FloRo project, the Town should remain in compliance. B. Robertson agreed that other than D. Manugian’s comment there is no reason to change the policies reviewed. He suggested that P. Dufresne can receive any comments on the Conservation percentage and the board can arrange to meet at a later date if necessary. D. Manugian reiterated that he will contact the Conservation Administrator and report back to the FinCom.

**FY23 Operating Budget**

A memo was received from M. Haddad saying that reviews will be held the last week in November or the first week in December to discuss the Operating Budget. B. Robertson commented that it is a great opportunity to ask questions and receive one on one conversation with M. Haddad and his team. Specific times will be provided at a later date. The final operating budget will be delivered to the FinCom by December 31st.

B. Robertson stated that M. Haddad provided an FY23 percentage and a budget to the school district and they had no issues with these preliminary figures. He added that M. Haddad has also stated that he is in support of funding the new Fire Department Fire Prevention Officer position.

The school district informed M. Haddad that free cash might be available to offset the FY23 assessment. Dunstable may have issues with meeting their numbers. If the school is able to help Dunstable it would be very beneficial to the Town of Groton as well, and keep M. Haddad's budget within range. The Town should be able to avoid a structural budget deficit however, with the projected new growth at various sites (such as the Deluxe property) available in FY24.

P. Dufresne stated that M. Haddad requested that everyone be vigilant on spending as there has been a gradual increase in budgeted expenses. The spending freeze remains in effect for the time being. D. Manugian stated that the Capital Planning Board is prioritizing projects and expenditures to ensure that expenses remain under $600,000. P. Dufresne noted that the FY22 1st Quarter budget results will be reviewed with the Select Board at their meeting scheduled for November 8th.

M. Linskey reached out to H. Moller regarding the nonprofits and the current pilot percentages. J. Degen has proposed forming a team to further look into PILOT revenue. S. Whitefield informed the FinCom that Groton School is no longer offering usage of the ice skating rink, tennis courts and swimming pool. With no access to the school’s facilities, they are providing somewhat less value to the community. The FinCom questioned the benefits that the Town of Groton receives from these private schools. P. Dufresne stated that it is sometimes easier to approach the non-profits with a proposal for project funding, rather than simply asking for more money. Groton School donated $25,000 to the Fire Station fitness room because their services provide safety to their students. B. Robertson commented on the properties that are being purchased by Groton School and the resulting tax revenue that the Town has lost. It was suggested that the previous agreements be reviewed and all the facts be compiled so a strategy can be proposed for each individual non-profit. The Sub-Committee can then present to the Select Board and the FinCom and discuss how best to revise the Town’s approach to PILOT revenue.

Ms. Anderson, a Groton Resident, commented that Lawrence Academy is not allowing residents to use the ice-skating rink and has suspended all Summer Camp Programs that were previously offered. The Senior Swim program at Groton School was cancelled for the resurfacing of the pool last year and has not resumed. B. Robertson wondered whether this change could be related to Covid, with the schools making the decision to provide a safer environment for their students by restricting public use of their facilities. B. Robertson recommended that M. Linskey compose an email to M. Haddad and request that the sub-committee be formed and help identify the next steps to be taken.

D. Manugian mentioned wages as a significant budget driver, and wondered if new positions should be addressed. B. Robertson stated that wages are a continued concern and noted that there are adequate funds for the new Fire Department position however, with impacts of inflation, benefits, and pensions it should be part of the analysis on the “Major Initiatives” sheet. Chief Steele previously requested the formation of a committee that provides information on how the department should be structured going forward. M. Steele tasked himself, P. Cunningham, B. Robertson, and M. Haddad to be part of the committee. A presentation is scheduled for later this month at a Select Board meeting. Groton and Dunstable are currently considering regionalization of Fire Department services. Currently there is only one full time employee in Dunstable and Trinity Ambulance services are used out of Chelmsford which delays response time. P. Dufresne commented that the COA has expanded been requested for FY23 as well.

P. Dufresne asked whether the FinCom members wish to continue to budget their Reserve Fund at $150,000 for FY23. The members briefly discussed the use of this fund, and agreed to maintain the budget at $150,000. The FinCom also agreed to renew their membership with the Association of Town Finance Committees for $215. The next meeting “Keys to Success” is to be held on November 4, 2021.

**Other Business**

Approval of Minutes 09/14/21, 10/12/21 & 10/18/21

***D. Manugian moved to approve the meeting minutes from 09/14/21, seconded by S. Whitefield. The motion passed by a unanimous vote. (Yes: RB, ML, SW, DM, CD) The Vote (5-0).***

***D. Manugian moved to approve the meeting minutes from 10/12/21, seconded by S. Whitefield. The motion passed by a unanimous vote. (Yes: RB, DM, ML, SW, CD) The Vote (5-0).***

***D. Manugian moved to approve the meeting minutes from 10/18/21, seconded by S. Whitefield. The motion passed by a unanimous vote. (Yes: RB, DM, SW, CD) M. Linskey- Abstain. The Vote (4-0-1).***

B. Robertson officially adjourned the meeting at 7:28 PM.

Respectfully submitted,

Kristine Fox, Per-diem Minute Taker