

FINANCE COMMITTEE Meeting Minutes

Approved 4/26/25

Tuesday, April 1, 2025 @ 7:00 P.M.
Meeting Virtually via ZOOM

Present for the Finance Committee: Bud Robertson, Chair; David Manugian, Gary Green (arrived at 7:15 p.m.), Kristina Lengyel, Scott Whitefield, Mike Sulprizio

Also Present: Mark Haddad, Town Manager; Patricia Dufresne, Assistant Finance Director

Absent: Mary Linskey

7:00 P.M. Mr. Robertson called the FinCom meeting to order

Mr. Robertson reviewed the agenda. Mr. Haddad asked the FinCom to take positions on the CPA projects on the spring town meeting warrant.

CPA Project Proposals:

- A. West Groton Rail Trail - \$70,000: **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- B. Conservation Fund - \$200,000: **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- C. FY6 Housing Funds Request - \$200,000: **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- D. Cow Pond Brook Field Improvements - \$100,000: Mr. Haddad explained that a grant has been applied for; the application has been accepted but the Town is still waiting to hear whether the grant funds will be approved. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- E. Housing Coordinator - \$63,402: Mr. Haddad confirmed that the total amount requested includes 25 hours per week plus benefits. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**

- F. Bancroft Castle Preservation - \$153,000: Mr. Haddad noted that this was a very popular attraction in Town and should be maintained. Ms. Lengyel asked whether rent revenue was received for this property, and Mr. Haddad replied there was not. The group discussed the idea of requesting fees from user groups to assist with routine maintenance. It was noted that CPC funding can be used for historic properties even though they may be privately owned. In reply to a question regarding public safety issues related to the Bancroft property, Mr. Haddad said that both the property owner and the Town hold liability insurance. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- G. Prescott Community Center - \$70,000: Mr. Haddad noted that this project had been cut back from an original request of \$135,000. He added that none of the repairs planned for this project are related to building systems. **On a motion by Mr. Manugian, seconded by Mr. Sulprizio, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- H. Cow Pond Baseball Improvements - \$84,330: Mr. Haddad stressed that this project will not be impacted by the Cow Pond Brook Field Improvements Project mentioned earlier. Ms. Lengyel inquired as to whether Dunstable would be participating, and Mr. Haddad said they would not as this is a Groton property. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (5-0-0 Mr. Green was not present for this vote) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye**
- I. Town Field Improvements - \$352,963: Mr. Haddad explained that the original design bid came in at approximately \$3 Million. It has been significantly scaled back and now includes drainage improvements, infield diamond, backstop, cages and outfield grass. The revised scope is out to bid now, and the Town should have the results in time for Town Meeting. In case of a cost overrun, the Parks budget has capital funds available to supplement. He stressed that this is a highly used field, as it is the only major league diamond in Groton. Mr. Green asked whether anyone outside of the baseball community will benefit from this project. Mr. Haddad said, no; it's a baseball field used mostly by baseball enthusiasts. He did note that the outfield grass will be improved, all the way to the gazebo which may allow for some enjoyment by non-ball playing visitors. Mr. Green wondered if the user groups collect fees. Mr. Haddad replied that fees are collected by Groton Youth Baseball and used for maintenance. Mr. Green would like someone to investigate how much is being collected currently, as these fees could be regularly increased to offset maintenance needs. Mr. Haddad agreed and mentioned that the Parks Commission was already discussing this. Ms. Lengyel would like to see the fields used for broader types of events. Mr. Haddad suggested she speak to the Parks Commission about this. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**
- J. Curatorial Storage - \$62,675: Mr. Haddad said this space is on the third floor of the Boutwell House, but he has not been on site for some time and does not know much about the condition. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend**

this project to Town Meeting (6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye

- K. Williams Barn Restoration - \$158,972:** Mr. Haddad said these are necessary improvements to a very popular and historic venue in Groton. The group discussed the history of repairs made to this barn. Mr. Robertson noted that old barns need a great deal of upkeep. Mr. Green pointed out that the Capital Planning Committee should be including this building as part of its ongoing structure review. Mr. Manugian confirmed that it hasn't been on the Capital Planning Committee's radar as it is not fundamental to providing Town services; but it is a great use of CPC funds. Mr. Green agreed but said it should still be part of the annual conversation. Mr. Haddad noted that fees are collected from vendors who use the site and put towards upkeep. Ms. Lengyel suggested using this venue for more revenue generating events. Mr. Haddad suggested she talk to the Conservation Commission about this. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend this project to Town Meeting (6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**

Enterprise E&D transfers for FY25 - \$120,000: Mr. Haddad told the group that the Water Enterprise was seeking a transfer of \$75,000 (Article 21), the Sewer Enterprise was seeking \$25,000 (Article 22), and the Four Corners Enterprise needs \$20,000 (Article 23). All of these transfers are funded from each Enterprise's E&D account and will be used to support their FY25 operational costs. **On a motion by Mr. Manugian, seconded by Ms. Lengyel, the FinCom voted unanimously to recommend these articles to Town Meeting (6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**

Town Manager & FinCom Budget Report – Mr. Haddad summarized the content of the report (attached to these minutes). He said that the FY26 budget is lean on the municipal side. His report breaks down each budget category and provides the impact of the tax override requests. Mr. Manugian pointed out a typo in the spelling of the word “information” in line 1100 of the chart on page 9, which Mr. Haddad agreed to correct. Mr. Manugian also mentioned that the same chart on page 9 (showing the original proposed budget by line-item as compared to the FinCom approved budget) seems to imply that the FinCom has increased a number of budget lines. Mr. Haddad was emphatic that this was not the case; the Committee Approved column shows increased amounts because it has been updated to reflect final salaries/wages upon completion of collective bargaining agreements. He noted that the final approved budget is up by \$41,000 only which reflects the additional Health Insurance premium increases.

On a motion by Mr. Manugian, seconded by Ms. Lengyel, the Finance Committee voted unanimously to approve the “Budget Message from the Town Manager and Finance Committee” as amended. (6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye

Financial Policy Review – Mr. Haddad said he previously sent the changes recommended by the Finance Committee (specific to the Conservation Fund section of the policy) to the Conservation Commission for their review and comments. As that group will not be meeting until the following week, he asked the FinCom to defer updating the financial policies until a later date. FinCom agreed to do so.

Approval of Meeting Minutes –

Ms. Lengyel had previously requested that the minutes of 2/22/25 be amended to reflect that she had stated she would like the Town to revisit the idea of leasing or privatizing the Country Club in the near future. On a motion by Mr. Manugian, seconded by Ms. Lengyel the FinCom voted unanimously to approve the meeting minutes of 2/22/25 as amended. **(6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**

On a motion by Mr. Manugian, seconded by Ms. Lengyel the FinCom voted unanimously to approve the meeting minutes of 3/3/25 as written. **(6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**

On a motion by Mr. Manugian, seconded by Ms. Lengyel the FinCom voted unanimously to approve the meeting minutes of 3/10/25 as written. **(6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**

On a motion by Mr. Manugian, seconded by Ms. Lengyel the FinCom voted unanimously to approve the meeting minutes of 3/18/25 as written. **(6-0-0) Roll Call: Mr. Manugian-Aye, Ms. Lengyel-Aye, Mr. Sulprizio-Aye, Mr. Whitefield-Aye, Mr. Robertson-Aye, Mr. Green-Aye**

The next scheduled meeting of the Finance Committee will take place on Wednesday, 4/16/25 for the Budget Forum at the High School.

The Finance Committee adjourned at 7:55 P.M.

Respectfully submitted by Patricia Dufresne, Assistant Finance Director

BUDGET MESSAGE FROM THE TOWN MANAGER AND FINANCE COMMITTEE

TOWN OF GROTON FISCAL YEAR 2026

Pursuant to Article 6 “Finance and Fiscal Procedure”, Section 6.4 “The Budget”, of the Charter of the Town of Groton, Massachusetts, the Finance Committee, Select Board and Town Manager are pleased to submit for your consideration the Proposed Fiscal Year 2026 Operating Budget for the Town of Groton. This budget reflects our ongoing commitment to transparency, fiscal responsibility, and the well-being of Groton. As we navigate the complexities of budgeting in this challenging time, it is important to acknowledge the reduced revenues we are currently facing. The defeat of the proposed Proposition 2½ override last year has had a significant impact on the Groton Dunstable Regional School District which limited their ability to fund essential services and programs to continue to provide the quality education Groton’s children deserve. This situation requires the Town to be more strategic and innovative in its approach to budgeting, ensuring that the Town prioritizes the needs of Groton while remaining within its financial constraints. In light of these challenges, the Finance Committee, Select Board and Town Manager remain proud of the continued collaboration with the Groton Dunstable Regional School District.

In accordance with the Groton Charter and the Town’s Financial Policies, prior to the creation of the initial Budget, the Finance Committee and Select Board provided the following Guidance to the Town Manager:

- A. The Town Manager shall keep any increase in Municipal Spending in Fiscal Year 2026 to a total increase of \$475,000.
- B. Any remaining new revenues in Fiscal Year 2026 shall be used to cover the Proposed FY 2026 Operating Assessment of the Groton Dunstable Regional School District.

The Town Manager and Finance Committee spent a great deal of time reviewing and developing Revenue Estimates for Fiscal Year 2026. In accordance with the Town’s custom, revenue estimates were developed to be consistent with the five-year average in the various categories. The Governor has proposed increasing Groton’s Unrestricted Local Aid by \$40,621, from \$1,152,082 to \$1,192,703. With regard to New Growth, based on a recommendation from the Principal Assessor, the Town Manager and Finance Committee are estimating \$15 million in Growth, which will generate an additional \$228,750 in tax revenues in Fiscal Year 2026. The Fire & Emergency Medical Services Receipts Reserved for Appropriation Account will again provide \$350,000 in Fiscal Year 2026 to offset the Fire Department Budget. The Town Manager and Finance Committee continue to take a conservative approach in developing Estimated Receipts in FY 2026. Due to a change in the way the Town budgets benefit reimbursement by the various Enterprise Funds (explained below), local receipts will decrease by \$83,806 from \$5,652,133 to \$5,568,327, or a reduction of 1.5%. Please note that there will be a reduction in the Employee Benefits Budget for Health Insurance to reflect this decrease. The following is a summary of changes in some of the Estimated Receipt Categories:

1. **Motor Vehicle Excise Taxes** – The five-year average is \$1,823,309. In Fiscal Year 2024, the Town collected \$2,058,767 in Motor Vehicle Excise Taxes. Based on this, at this time, there will be a slight increase in Motor Vehicle Excise Taxes by \$39,417 to \$1,860,000 in FY 2026.
2. **Meals Tax/Room Occupancy Tax** – This continues to be an excellent revenue source for Groton. Based on current year collections, it is being increased by \$25,000 in Fiscal Year 2026 to \$425,000.
3. **Payments in Lieu of Taxes (PILOTs)** – The Town is anticipating an increase of \$19,713 in PILOTs in FY 2026 from \$395,443 to \$415,156 based on the success of the ticket surcharge agreed to by Groton Hill Music.
4. **Other Departmental Revenue** – As stated above, in Fiscal Year 2026, the Town will change the way it receives reimbursement from the various Enterprises. Instead of appropriating the total amount of health insurance benefits in the Town Budget and then collecting the revenue from the Enterprises, the Enterprises will pay their share directly to our Health Insurance Carrier. To this end, this category was decreased by \$271,691 from \$854,063 to \$582,372 to reflect the new process.
5. **Recreation Revenues** – Based on the last five years of outstanding success of the Groton Country Club, this estimate is being increased by \$125,000 in FY 2026 from \$750,000 to \$875,000.

The following chart shows what we expect to receive in revenues that can be used to fund the Proposed Operating Budget:

<u>Revenue Source</u>	<u>Budgeted FY 2025</u>	<u>Proposed FY 2026</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Property Tax*	\$ 38,052,807	\$ 39,317,497	\$ 1,264,690	3.32%
State Aid	\$ 1,152,082	\$ 1,192,703	\$ 40,621	3.53%
Local Receipts - Excluding Country Club	\$ 4,902,133	\$ 4,651,376	\$ (250,757)	-5.12%
Country Club Revenue	\$ 750,000	\$ 875,000	\$ 125,000	16.67%
Other Available Funds	\$ 350,000	\$ 350,000	\$ -	0.00%
TOTAL	\$ 45,207,022	\$ 46,386,576	\$ 1,179,554	2.61%

*Includes 2½ percent increase allowed by law and estimated \$15 million in new growth.

In developing the Fiscal Year 2026 Budget, a review of mandatory expenditures is warranted, as well as areas in the budget that are routine in nature. With regard to mandatory expenditures, two categories fit this definition, Pension and Health Insurance. With regard to the Pension Budget, Middlesex County has informed the Town that our Assessment in Fiscal Year 2026 will decrease by 0.49%, or by \$12,903 from \$2,653,019 to \$2,640,116.

With regard to Health Insurance, as you will recall, the Town left the Minuteman Nashoba Health Group (MNHG) last year and joined the Massachusetts Interlocal Insurance Association (MIIA). This was very beneficial for the Town in Fiscal Year 2025 as the Health Insurance Budget increased by less than five (5%) percent. Unfortunately, due to an unstable health insurance market, the rates have increased by 14.8% percent in Fiscal Year 2026. While the Town had anticipated a larger reduction in the Health Insurance Budget as explained earlier, the Health Insurance Line Item will still decrease by 12.77%, or \$279,497 from \$2,185,497 to \$1,906,470. That said, the 14.8% increase in rates required the Select Board and Finance Committee to adjust their Budget Guidance and allow the Municipal Budget to increase by \$518,204, an additional \$43,204 over the original Budget Guidance.

The Town has six (6) Collective Bargaining Units. All contracts were up for renegotiation in Fiscal Year 2026. The Select Board, Finance Committee and Town Manager are pleased to announce that all six (6) Unions have agreed to new three year agreements that will provide budget stability over the next three years. Each Union has agreed to a nine (9%) percent increase over the next three years, or three (3%) percent per year. This is in line with current economic conditions and similar agreements settled in neighboring Towns, as well as the Agreement reached last year by the Groton Dunstable Regional School District and the Groton Dunstable Educators Association. Based on these Agreements, along with the employees that have contracts, salaries and wages will increase by \$377,688 in FY 2026.

Fiscal Year 2026 will see an increase in Excluded Debt as we pay debt service on the Florence Roche Elementary School Project to cover both debt that has been permanently financed (\$28 million), as well as borrowed using bond anticipation notes (BAN) (approximately \$27 million). In Fiscal Year 2026, the Town will renew the BAN on the remaining \$27 million in June, 2025, with a mandatory principal pay down. Based on this, it is expected that Municipal Excluded Debt will increase by \$755,260, or 17.2% from \$4,393,463 to \$5,148,723. Excluded Debt from the Groton Dunstable Regional School District will decrease by \$274,233, or 71.3% from \$384,622 to \$110,389. Overall, Excluded Debt will increase in Fiscal Year 2026 by \$481,074, or 10.1% from \$4,776,976 to \$5,258,050. The Town will continue its practice to stabilize debt service within the Levy Limit at approximately \$250,000 - \$300,000 annually. Funding from the Excess and Deficiency ("Free Cash") Account and Emergency Medical Services Fund will be utilized to pay down the Principal and Interest on the Dump Truck for the Highway Department and Ambulance for the Fire Department. The following chart shows a comparison between FY 2025 and FY 2026:

	<u>FY 2025</u>	<u>FY 2026</u>
Long Term Debt - Principal Non-Excluded	\$ 165,000	\$ 165,000
Long Term Debt - Interest - Non-Excluded	\$ 110,364	\$ 97,144
Short Term Debt - Principal	\$ 123,526	\$ 122,685
Short Term Debt - Interest	\$ 8,644	\$ 21,851
Total	\$ 407,534	\$ 406,680
Less Free Cash Offset	\$ 132,170	\$ 43,922
Less EMS Fund Offset	\$ -	\$ 100,614
Total In-Levy Taxation for Debt Service	\$ 275,364	\$ 262,144

The Country Club continues to perform very well. Fiscal Year 2024 was another successful year for the Groton Country Club. It was a record year for revenue. The Club generated \$867,331 in revenue for FY 2024, which is \$72,962 more than FY 23 (another record year in which the Club generated \$794,369 in revenues). Based on the final expenditure total of \$854,972 (\$172,568 in salaries; \$253,111 in wages; \$223,824 in expenses; and \$205,469 in capital expenditures) the club made a slight profit of \$12,359. However, when you factor in overhead (health insurance, etc.), there was a taxpayer subsidy of \$49,016. That said, however, in FY 2023, the Club generated a profit of \$119,713, so over a two-year period, the Club has returned \$70,697 to the General Fund.

Based on the revised Budget Guidance from the Select Board and Finance Committee, the Municipal Budget will increase by \$518,204 in Fiscal Year 2026. In order to calculate the increase year over year, a review of the Final Approved Fiscal Year 2025 Budget is required. The 2024 Fall Town Meeting added several one-time expenses from Free Cash to the Budget. These expenses are not expected to re-occur in Fiscal Year 2026, and, therefore, need to be removed from the Fiscal Year 2025 Budget when calculating any increase in the Municipal Budget. The Final Proposed Fiscal Year 2026 Municipal Operating Budget by Function (not including Debt Service) is as follows:

	FY 2025 Original Appropriation	FY 2025 Fall Town Meeting Adjustments	FY 2026 Proposed	Difference From Original	Difference From Fall TM
General Government	\$ 2,498,370	\$ 2,574,970	\$ 2,565,835	\$ 67,465	\$ (9,135)
Land Use	\$ 520,749	\$ 520,749	\$ 549,503	\$ 28,754	\$ 28,754
Protection of Persons	\$ 4,515,079	\$ 4,683,315	\$ 4,864,896	\$ 349,817	\$ 181,581
DPW	\$ 2,389,516	\$ 2,389,516	\$ 2,475,216	\$ 85,700	\$ 85,700
Library Citizen Services	\$ 2,200,457	\$ 2,288,957	\$ 2,439,509	\$ 239,052	\$ 150,552
Employee Benefits	\$ 5,174,990	\$ 5,199,336	\$ 4,922,406	\$ (252,584)	\$ (276,930)
Total	\$ 17,299,161	\$ 17,656,843	\$ 17,817,365	\$ 518,204	\$ 160,522

In presenting the Fiscal Year 2026 Budget, it is important to point out that the Groton Dunstable Regional School District is facing significant challenges. In Fiscal Year 2025, the Groton Dunstable Regional School District experienced a difficult year due to the failed override of Proposition 2½ in both Groton and Dunstable. This was compounded by the ongoing lack of adequate aid from the Commonwealth. As a result, the District was forced to make the tough decision to lay off 24 full-time equivalent employees. This reduction has had a profound impact on the District's ability to provide the level of education Groton's students deserve and expect. The District's Budget in FY 2025 only saw an increase of 0.91%, which was insufficient to meet the growing needs of students and staff. In Fiscal Year 2026, the priority for the Town of Groton and the Groton Dunstable Regional School District must be to maintain services and ensure that they do not face further reductions in teaching positions. It is important to note that state aid currently accounts for only 25.8% of the District's total revenues, which places a significant burden on the towns of Groton and Dunstable to cover the majority of the Operating Expenses. Specifically, Groton contributes approximately 55.3% of the total revenues, highlighting the critical role Groton plays in supporting the education mission of the District. The Town of Groton must continue to work collaboratively with both the School District and the Town of Dunstable to ensure that the District continues to provide a high-quality education that prepares the students for success.

Pursuant to the Guidance, after proposing a \$518,204 increase in the Municipal Budget, there is \$1,365,564, or 5.2% in available new revenues for the Groton Dunstable Regional School District in Fiscal Year 2026 without seeking an override of Proposition 2½. Unfortunately, this amount of funding is not enough to meet the needs of the District in Fiscal Year 2026. The Groton Dunstable Regional School District has approved a Budget with an increase of approximately six (6%) percent. This would require an increase in Groton's Assessment of \$2,038,814, or an additional \$673,250 over what is currently available within the levy limit. Due to the flat subsidy received from the Commonwealth, the burden of funding this necessary increase to maintain services falls on the Towns of Groton and Dunstable. The School Committee is proposing the reinstatement of two critical positions that were cut in FY 2025 that are necessary for the well-being of students: one full-time school nurse needed to serve students in the Middle School North Building, and one counselor to provide adequate support for Middle School students. The approved budget also includes a reduction of one full-time administrative assistant at the central office to offset the reinstatement of these critical positions. The approved Budget by the District School Committee prevents further reductions in personnel, however, it is important to state that it cannot fully address the impact of 30+ positions cut in FY 2024 and FY 2025, nor does it represent how the District can best support the educational needs of all students. Funding this proposed budget is critical to meet the needs of students, prevent further cuts, and provide the resources necessary to move the School District forward in the right direction.

For this reason, the Select Board, Finance Committee and Town Manager are in unanimous support of an Override of Proposition 2½ in Fiscal Year 2026 for the School District in the amount of \$673,250. This increase will allow the District to continue to provide a quality education to the children of Groton and provide the District another year to complete its various studies including changes in the Regional Agreement and Operational Audit to further streamline and improve its overall operation. A \$673,250 override would add \$0.25 to the anticipated FY 2026 Tax Rate and cost the average taxpayer (a home valued at \$707,877) an additional \$177.

The Town Meeting will be presented with a Balanced Budget which will increase the School District Assessment by \$1,365,564, and a contingent Budget seeking an additional \$673,250 in the School District Assessment contingent on an Override or Proposition 2½ at the May 20, 2025 Annual Town Election. Question 1 on the Ballot will read as follows:

QUESTION 1: Shall the Town of Groton be allowed to assess an additional \$673,250 in real estate and personal property taxes for the purpose of funding the Assessment of the Groton Dunstable Regional School District for the fiscal year beginning July 1, 2025?

Last year, Groton realized a major increase in the Assessment from the Nashoba Valley Technical School District based on an increase of nine (9) students from Groton attending the School. This year, there are four (4) fewer students attending the School. Based on this, the Assessment from Nashoba Tech has decreased in Fiscal Year 2026 by \$58,229, from \$966,719 to \$908,490.

The balanced Fiscal Year 2026 Operating Budget (within the anticipated levy limit) includes funding for two (2) additional Firefighter/EMTs that were added at the 2024 Fall Town Meeting. This brought the total number of full-time Firefighter/EMTs to ten (10). The Select Board, by a vote of four (4) in favor and one (1) opposed (Pine), and the Finance Committee by a vote of five (5) in favor and two (2) deferred until Town Meeting (Robertson and Lengyel) are recommending that the Fiscal Year 2026 Budget be increased by \$630,904 to add an additional six (6) Firefighter/EMTs to the Groton Fire Department to bring the total number of full-time Firefighter/EMTs (not including the Fire Chief and

Deputy Fire Chief) to sixteen (16) This will allow for four (4) Firefighter/EMTs to be on duty 24 hours per day, 7 days a week.

This request is not new, as additional staffing has been requested in the Fire Department as early as 2020. From Fiscal Year 2021 through Fiscal Year 2025, former Fire Chief Steele McCurdy and current Fire Chief Arthur Cheeks have provided data to justify the need for additional staffing in the Groton Fire Department. It should be made clear that the request for additional staffing has been discussed and requested long before the closure of the Nashoba Valley Medical Center. The call volume alone since 2021 has required a consideration of additional staffing. The Fire Department responded to 1,705 calls in 2024 compared to 1,465 calls just one year prior. Of the 1,705 requests, 53% were classified as EMS which is a 30% increase from 2023.

A brief history of this request is as follows:

- April 2021: The Fire Chief presented data to the Select Board explaining that 1/3 of the time within critical incidents, first level supervision forcing inexperienced Firefighters/EMTs to be expected to assume roles that were undesignated and outside of their job description. In addition, the Fire Chief proposed the following optimum level of staffing based on call volume and response times:

- Chief, Deputy Chief, 16 career Firefighters (4 of which are officers), 3 on call officers, & 25 + call/volunteer FF/EMTs. This request would result in adding 8 career Firefighters in FY 2022.

Town decided not to bring this forward.

- FY 2022 Budget Proposal: Select Board and Finance Committee were presented with the need for an additional Firefighter to free up the Deputy Chief to allow for a more focused and efficient fire prevention Community Risk Reduction activities without interfering with the day-to-day operations. While this has not been solidified yet and with the increase in call volume, the Fire Department is required to cancel or reschedule inspections, miss plan review meetings, not fulfill required school inspections in a timely manner etc.

Town decided not to bring this forward.

-FY 2023 Budget Proposal: Then Chief McCurdy requested 2 additional firefighter/EMTs to bolster staffing needs and allow for a more level service. During his Budget Presentation, the following was presented:

- Presented that one more significant staffing increase was on the horizon to ultimately bring the staffing to 16.
- Proposed for the first time the idea of transforming the level of service we provide from a Basic Life Support System to an Advanced Life Support System.
- The Chief and Deputy Chief were assessed to have logged an extra 196 and 172 extra hours respectively. This number continues to grow due to increases in call volume and the lack of staffing. This results in burnout and low morale.

Town decided not to bring this forward.

-FY 2024 Budget Proposal: Then Chief Steele McCurdy and Deputy Chief Arthur Cheeks addressed the need for additional staffing by 2 Firefighter/EMTs and presented the goal to raise the Department's staffing levels to an optimum 16 career Firefighter/EMTs. Doing this would allow for the following:

- This would allow the Department to provide consistent service, response, safety for the Town and for the Firefighters on initial fire assignments.
- Further, it allow for a decrease in overall overtime costs, improve the Department's ability to fulfill and complete all Community Risk Reduction planning efforts as well as perform all day-to-day tasks, i.e. inspections, plan reviews, apparatus and equipment maintenance and readiness checks, training.

Town decided not to bring this forward.

-FY 2025 Budget Proposal: Continued the same message as previous years, including adding the following statistics (Please note that all of this was before the closure of Nashoba Valley Medical Center):

- Included the National Fire Protection Agencies minimum requirements (minimum of 6 firefighters on an initial fire response within 14 minutes).
- ISO ratings - Public Protection Classification - Lack ability to meet minimum requirements. This does have an impact on insurance premiums for our town homeowners.

Town decided to add two additional Firefighters at the 2024 Fall Town Meeting.

-FY 2026 Budget Proposal: Based on the foregoing, the Fire Chief requested six additional Firefighter/EMTs to allow for four Firefighters on every shift, which matches the request in April, 2021.

The Groton Fire Department call volume continues to increase causing a strain on its ability to complete day to day tasks and provide level coverage for the town regardless of time of day. Please see the increase in call volume since 2019:

year	calls	Increase #	% change from previous year
2019	1312		
2020	1318	6	0.46
2021	1381	63	4.78
2022	1423	42	3.04
2023	1470	47	3.30
2024	1720	250	17.01

Currently, the Department is on pace for 1930 calls in 2025, which would amount to an additional increase of 12% in volume.

Mutual Aid requests have also increased over the last two years (again, before the closure of the Nashoba Valley Medical Center). Please consider the following:

- 2023: 299 total mutual aid services –
 - Of those 16 were for Structure Fires
 - 35 mutual aid services provided for EMS calls to other towns
- 2024: 421 total mutual aid services
 - Of those 20 for structure fires
 - 75 mutual aid EMS services provided to other towns

From January 1, 2022 through December 31, 2022, out of 1423 total incidents, there were 163 overlapping incidents, or 11% of the total calls.

From January 1, 2023 through December 31, 2023, out of 1470 total incidents, there were 207 overlapping calls, or 14% of the total calls.

From January 1, 2024 through August 31, 2024 (closure of Nashoba Valley Medical Center), out of 1085 total incidents, there were 140 overlapping calls, or 13% of the total calls.

From September 1, 2024 through December 31, 2024, out of 635 total incidents, there were 112 overlapping calls, or 18% of the total calls. This represents a 62% increase of the calls over the first 8 months of 2024.

As stated above, the Balanced Fiscal Year 2026 Budget presented to the Town Meeting will add two (2) Firefighter/EMT's to the Fire Department Budget. Based on the above explanation and similar to the request for additional funding for the Groton Dunstable Regional School District, the Select Board, Finance Committee and Town Manager are proposing the following contingent Budget for consideration by the Town Meeting that would require an Override of Proposition 2½:

Salary -	\$395,538
Holiday Pay -	\$ 51,166
Initial Gear -	\$ 24,000
Uniform Allowance -	\$ 10,200
Health Insurance (Family) -	<u>\$150,000</u>
Total	\$630,904

In addition, an anticipated increase in Pension Costs in Fiscal Year 2028 for adding these additional Firefighter/EMTs would require an additional \$150,000, bringing the total Override Request to \$780,904, with \$630,904 impacting the Fiscal Year 2026 Budget. A \$630,904 override would add \$0.22 to the anticipated FY 2026 Tax Rate and cost the average taxpayer (a home valued at \$707,877) an additional \$156.

Question 2 on the 2025 Annual Election Ballot will read as follows:

QUESTION 2: Shall the Town of Groton be allowed to assess an additional \$780,904 in real estate and personal property taxes for the purpose of funding six (6) additional Firefighter/EMTs for the Groton Fire Department for the fiscal year beginning July 1, 2025?

Section 6-5 of the Groton Charter requires the Finance Committee to provide a report that details the differences between the Town Manager's Proposed Budget and their final Proposed Budget. The following Chart shows the differences between the budget received by the Finance Committee from the Town Manager on January 31, 2025 and the budget that will be proposed to the 2025 Spring Town Meeting (please note that a majority of these adjustments are based on finalizing the various Union Contracts):

<u>Line</u>	<u>Department/Description</u>	<u>Original Proposed</u>	<u>Committee Approved</u>
1030	Town Manager Salaries	\$ 262,550	\$ 295,327
1050	Town Accountant Salaries	\$ 125,385	\$ 125,885
1060	Board of Assessors Salaries	\$ 105,000	\$ 105,500
1070	Treasurer/Collector Salaries	\$ 165,810	\$ 166,060
1090	Human Resource Salary	\$ 100,175	\$ 102,549
1100	Information Technology Salary	\$ 128,532	\$ 131,977
1130	Town Clerk Salaries	\$ 105,356	\$ 105,856
1200	Conservation Salary	\$ 81,047	\$ 85,565
1210	Planning Salaries	\$ 97,928	\$ 103,222
1240	Building Department Salaries	\$ 107,263	\$ 113,370
1300	Police Department Salaries	\$ 319,324	\$ 342,265
1301	Police Department Wages	\$ 2,217,197	\$ 2,305,558
1310	Fire Department Salaries	\$ 282,144	\$ 285,544
1400	Nashoba Tech Operating Assessment	\$ 911,000	\$ 908,490
1500	Highway Department Salaries	\$ 174,625	\$ 179,124
1501	Highway Department Wages	\$ 750,409	\$ 773,563
1502	Highway Department Expenses	\$ 136,900	\$ 147,900
1550	Solid Waste Wages	\$ 158,964	\$ 164,820
1600	Council on Aging Salaries	\$ 171,205	\$ 176,376
1710	Local Access Cable Department Salaries	\$ 71,050	\$ 75,511
3010	Health Insurance/Employee Expense	\$ 2,087,511	\$ 1,906,470

The following is the total proposed Fiscal Year 2026 Balanced Operating Budget proposed for Town Meeting consideration (compared with Fiscal Year 2025):

<u>Category</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>Dollar Difference</u>	<u>Percentage Change</u>
General Government	\$ 2,574,970	\$ 2,565,835	\$ (9,135)	-0.35%
Land Use	\$ 520,749	\$ 549,503	\$ 28,754	5.52%
Protection of Persons and Property	\$ 4,683,315	\$ 4,864,896	\$ 181,582	3.88%
Department of Public Works	\$ 2,389,516	\$ 2,475,216	\$ 85,700	3.59%
Library and Citizen Services	\$ 2,288,957	\$ 2,439,509	\$ 150,552	6.58%
Employee Benefits	\$ 5,199,336	\$ 4,922,406	\$ (276,930)	-5.33%
Sub-Total	\$ 17,656,843	\$ 17,817,366	\$ 160,524	0.91%
Debt Service - Excluded	\$ 4,393,463	\$ 5,148,723	\$ 755,260	17.19%
Debt Service - In Levy Only	\$ 538,989	\$ 406,680	\$ (132,309)	-24.55%
Sub-Total - All Municipal	\$ 22,589,295	\$ 23,372,769	\$ 783,475	3.47%
Nashoba Tech	\$ 966,719	\$ 908,490	\$ (58,229)	-6.02%
Groton-Dunstable Operating	\$ 26,412,384	\$ 27,777,948	\$ 1,365,564	5.17%
Groton Operating Grant	\$ 619,000	\$ -	\$ (619,000)	-100.00%
Groton-Dunstable Excluded Debt	\$ 384,622	\$ 110,389	\$ (274,233)	-71.30%
Groton-Dunstable In-Levy Debt	\$ 60,534	\$ -	\$ (60,534)	-100.00%
Groton Dunstable Capital	\$ 295,767	\$ 278,643	\$ (17,124)	-5.79%
Sub-Total - Education	\$ 28,739,026	\$ 29,075,470	\$ 336,444	1.17%
Grand Total - Town Budget	\$ 51,328,321	\$ 52,448,239	\$ 1,119,919	2.18%

The total Balanced Fiscal Year 2026 Proposed Operating Budget, including an increase of \$1,365,564 in the Assessment of the Groton Dunstable Regional School District and the Assessment of the Nashoba Valley Regional Technical High School, and excluded debt, is \$52,448,239, or an increase of 2.18%. This proposed Balanced Budget is at the anticipated FY 2026 Proposition 2½ Levy Limit. When you take into consideration the proposed Capital Budget, Enterprise Fund Budgets and additional appropriations raised on the recap sheet, the total proposed Balanced Budget is \$56,972,576. The Fiscal Year 2025 Tax Rate has been certified at \$15.25. Based on the Proposed Balanced Budget, the estimated Tax Rate for Fiscal Year 2026 is \$15.78, or an increase of \$0.53. In Fiscal Year 2025, the average Tax Bill in the Town of Groton (based on a home valued at \$707,877) is \$10,795. Under this proposed balanced budget, the same homeowner can expect a tax bill of \$11,170, or an increase of \$375. The following chart shows a comparison between FY 2025 and FY 2026:

	<u>Actual FY 2025</u>	<u>Proposed FY 2026</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Levy Capacity Used	\$ 38,052,807	\$ 39,317,497	\$ 1,264,690	3.32%
Tax Rate on Levy Capacity Used	\$ 13.55	\$ 13.92	\$ 0.37	2.73%
Average Tax Bill	\$ 9,592	\$ 9,854	\$ 262	2.73%
Excluded Debt	\$ 4,776,976	\$ 5,258,050	\$ 481,074	10.07%
Tax Rate on Excluded Debt	\$ 1.70	\$ 1.86	\$ 0.16	9.41%
Average Tax Bill	\$ 1,203	\$ 1,317	\$ 113	9.41%
Final Levy Used	\$ 42,829,783	\$ 44,575,547	\$ 1,745,764	4.08%
Final Tax Rate	\$ 15.25	\$ 15.78	\$ 0.53	3.48%
Average Tax Bill	\$ 10,795	\$ 11,170	\$ 375	3.48%

The Town Meeting will be asked to consider the following increases to the Balanced Fiscal Year 2026 Operating Budget, contingent on an Override of Proposition 2½:

Question #1 - Additional Funding for Groton Dunstable Regional School District Assessment

<u>Line</u>	<u>Department/Description</u>	<u>FY 2026 Proposed Within Levy</u>	<u>Additional Amount Requested</u>	<u>FY 2026 Proposed With Override</u>	<u>Additional Tax Rate Impact</u>	<u>Impact on Average Tax Bill</u>
1410	GDRSD Operating Assessment	\$ 27,777,948	\$ 673,250	\$ 28,451,198	\$ 0.25	\$ 177
	Total Question #1	\$ 27,777,948	\$ 673,250	\$ 28,451,198	\$ 0.25	\$ 177

Question #2 - Additional Funding to Add Six (6) Firefighters to the Groton Fire Department

1311	Fire Department Wages	\$ 1,367,470	\$ 446,704	\$ 1,814,174	\$ 0.16	\$ 113
1312	Fire Department Expenses	\$ 225,646	\$ 34,200	\$ 259,846	\$ 0.01	\$ 7
3010	Health Insurance/Employee Expenses	\$ 1,906,470	\$ 150,000	\$ 2,056,470	\$ 0.05	\$ 35
	Sub-Total	\$ 3,499,586	\$ 630,904	\$ 4,130,490	\$ 0.22	\$ 156
3000	County Retirement (FY 2028)		\$ 150,000		TBD	TBD
	Total Question #2	\$ 3,499,586	\$ 780,904	\$ 4,130,490	\$ 0.22	\$ 156

The following chart shows the Tax Bill impact should both the Town Meeting and Annual Election approve the proposed increases in the School District Assessment and Fire Department Budget (comparison between FY 2025 and FY 2026):

	<u>Actual</u> <u>FY 2025</u>	<u>Proposed</u> <u>FY 2026</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Levy Capacity Used	\$ 38,052,807	\$ 39,317,497	\$ 1,264,690	3.32%
Tax Rate on Levy Capacity Used	\$ 13.55	\$ 13.92	\$ 0.37	2.73%
Average Tax Bill	\$ 9,592	\$ 9,854	\$ 262	2.73%
Excluded Debt	\$ 4,776,976	\$ 5,258,050	\$ 481,074	10.07%
Tax Rate on Excluded Debt	\$ 1.70	\$ 1.86	\$ 0.16	9.41%
Average Tax Bill	\$ 1,203	\$ 1,317	\$ 113	9.41%
School District Override	\$ -	\$ 673,250	\$ 673,250	1.77%
Tax Rate on School District Override	\$ -	\$ 0.25	\$ 0.25	1.85%
Average Tax Bill	\$ -	\$ 177	\$ 177	1.85%
Fire Department Override	\$ -	\$ 630,904	\$ 630,904	1.66%
Tax Rate on Fire Override	\$ -	\$ 0.22	\$ 0.22	1.62%
Average Tax Bill	\$ -	\$ 156	\$ 156	1.62%
Final Levy Used	\$ 42,829,783	\$ 45,879,701	\$ 3,049,918	7.12%
Final Tax Rate	\$ 15.25	\$ 16.25	\$ 1.00	6.56%
Average Tax Bill	\$ 10,795	\$ 11,503	\$ 708	6.56%

The Finance Committee encourages the public to attend its meetings and contribute through asking questions, providing comments, and listening to others debate the many important financial issues before the Town today.

Respectfully submitted,

Mark W. Haddad

Groton Town Manager

Respectfully submitted,

Bud Robertson, Chair

Mary Linskey, Vice Chair

Gary Green

David Manugian

Scott Whitefield

Michael Sulprizio

Kristina Lengyel

Groton Finance Committee



SELECT BOARD POLICY

Policy Category:	Board
Policy Number:	BOA – 2019 – 8
Latest Revision Date:	January 8, 2024

POLICY NAME: **FINANCIAL POLICIES**

Introduction

The Select Board sets forth the following financial principles consistent with its responsibilities in Groton's Home Rule Charter. These principles provide a broad framework for overall fiscal planning and management of the Town of Groton's resources. In addition, these principles address both current activities and long-term planning. The principles are intended to be advisory in nature and serve as a point of reference for all policy-makers, administrators and advisors. It is fully understood that Town Meeting retains the full right to appropriate funds and incur debt at levels it deems appropriate, subject, of course, to statutory limits such as Proposition 2 1/2.

The principles outlined in this policy are designed to ensure the Town's sound financial condition, and seek to be in the best economic interest of the Town now and in the future. Sound Financial Condition may be defined as:

- Cash Solvency - the ability to pay bills in a timely fashion.
- Budgetary Solvency - the ability to balance the budget annually.
- Long-Term Solvency - the ability to pay future costs.
- Service Level Solvency - the ability to provide needed and desired services.
- Public Confidence - the ability to garner public support for decisions that promote financial stability.

It is equally important that the Town maintain flexibility in its finances to ensure that the Town is in a position to react and respond to changes in the economy and new service challenges without measurable financial stress.



SELECT BOARD POLICY

General Financial Guidelines

1. Financial discussions shall be open and inclusive. The Town is committed to regular financial forecasting, independent audit, and periodic public review of financial details and ratification of decisions by Town Meeting.
2. The Town will avoid budgetary procedures that balance current obligations at the expense of meeting future years' needs, such as postponing expenditures or accruing future years' revenues. Long and short-term debt will be scheduled with careful attention to the Town's capital needs plan and managed in such a way as to avoid excessive issuance costs.
3. Ongoing operating costs will be funded by ongoing operating revenue sources. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed. The Town Manager and the Department of Finance shall collaborate with the Finance Committee to prepare, maintain and present to the Select Board and Town Meeting a five-year financial plan for the Town.
4. The Town will maintain a Stabilization Fund as one of its two primary financial reserves. It shall be the goal of the Town to achieve and maintain a balance of at least 5% of the Town's current line-item budget.
5. The Town will maintain a Municipal Capital Stabilization Fund to defray the cost of new equipment, building maintenance, and capital improvements to town land and buildings to the extent that these costs may be funded by the Fund's balance. (See Debt Management Policies for costs exceeding the Fund's balance, which may be funded by borrowing.) It shall be the goal of the Town to maintain a balance in this fund of a minimum of 1.5% of the Town's current line-item budget, with the objective to grow the fund to support near term and cover longer term needs.
6. The Town will continue to maintain a Conservation Fund to be used in part for the purchase of land, or conservation restrictions or agricultural preservation restrictions on lands that exhibit high value for protection because they contain important natural resources. The Conservation Commission is responsible for formulating and prioritizing a list of such parcels so that a plan may be established for future purchases. It shall be the goal to maintain a balance in the Conservation Fund of at least 2% of the Town's current line-item budget, exclusive of Enterprises and the Community Preservation Fund; and to the extent possible, deposits to the Conservation Fund should come from the Community Preservation Surtax.



SELECT BOARD POLICY

7. The Town shall maintain a Community Preservation Fund in accordance with the current law. The fund will be managed in a manner that will guarantee payment of current debt service prior to approving new capital costs. Borrowing shall be managed in order to assure that no more than a total 75% of CPA receipts, not including annual contributions to the fund by the Commonwealth, are dedicated to debt service in compliance with Massachusetts Department of Revenue IGR 00-209 and File #2004-464.

8. The Town shall monitor its Special Revenue Funds (Gifts, Grants, and Trusts) and its Enterprise Funds to assure the solvency of these funds and avoid undue stress on the general fund. To this end, a) Enterprise policies shall require that rates be set to ensure revenues are sufficient to fund all operating costs and debt service and fund retained earnings, unless there is an explicit policy implemented by the Town to provide General Fund support to the Enterprise. In addition, b) Enterprise policies shall include a goal for the targeted amount of retained earnings. The goal shall include amounts considered appropriate to fund unexpected occurrences and emergencies and expenditures necessary to meet change in law requirements, to fund capital and operating reserves, and to serve as a rate stabilization reserve. The policies shall also include a goal for debt limitations consistent with the Town's general goals. In addition, c) the Town shall not enter into contracts for reimbursable and/or matching grant liabilities whose aggregate total exceeds 1.5% of the Town's current line-item budget, unless the Town Manager receives prior approval from the Select Board and Finance Committee.

9. The Select Board and the Finance Committee shall review the financial policies annually, seeking input from financial staff and advisors. This review should take place by October 1st of each year.

10. Investment practices will be in accordance with the Town's "Investment Policy".



SELECT BOARD POLICY

TOWN OF GROTON FREE CASH POLICY

I. PURPOSE AND SCOPE

The Town's Excess and Deficiency (E&D) Fund "Free Cash" is the result of the calculation, as of July 1, of Groton's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ended, plus unexpended free cash from previous years. Free Cash plays an important role in allowing Groton to sustain a strong credit rating. The purpose of this policy is to provide guidance on the use of Free Cash to fund certain expenditures

II. POLICY

1. As a nonrecurring revenue source, spending from the E&D account is allowed for any lawful municipal purpose, however, it should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves.
2. The Town should strive to maintain an E&D account balance in an amount equal to one (1%) percent of its current Town's current line-item budget. This amount is in addition to the policy of having the Stabilization Fund equal five (5%) percent of the Town's current line-item budget.
3. The Town should strive to maintain a Municipal Capital Stabilization Fund (excluding the Town created GDRSD Capital Stabilization Fund) balance at 1.5% of the Town's current line-item budget with the goal to grow the fund to support near term and cover longer term needs.
4. The E&D account balance shall be maintained through the use of fiscally responsible revenue projections and departmental spending.
5. The E&D account balance can be expended at the discretion of Town Meeting for the following purposes:
 - a. To Replenish the Stabilization Fund, replenish and grow the Capital Stabilization Fund and fund the Town created Groton-Dunstable Regional School District's Capital Stabilization Fund.
 - b. To pay employee incentives (i.e. health savings accounts, health reimbursement accounts, merit increases) contingent on the availability of a sufficient E&D account balance.



SELECT BOARD POLICY

- c. To fund an annual contribution to the Other Post-Employment Benefits (OPEB) liability trust fund.
- d. To fund one-time projects proposed by the Select Board and Finance Committee.
- e. Offset the Tax Rate.



SELECT BOARD POLICY

TOWN OF GROTON DEBT MANAGEMENT POLICY

Introduction

The use of long-term debt is a common and often necessary way for a community to address major infrastructure and equipment needs. It is also a means of spreading the cost of large capital projects over a larger, changing population base. However, when a local government incurs long-term debt, it establishes a fixed obligation for many years. Accumulation of such fixed burdens can become so great that a local government finds it difficult to pay both its operational costs and debt service charges. Great care and planning must therefore be taken when incurring long-term debt to avoid placing a strain on future revenues. The purpose of this policy is to establish guidelines governing the use of long-term debt. Massachusetts General Laws, Chapter 44, Sections 7 & 8 regulate the purposes for which municipalities may incur debt and the maximum maturity for bonds issued for each purpose. Massachusetts General Laws, Chapter 44, Section 10, specifies that the debt limit for towns is 5% of Equalized Valuation.

Capital Funding Guidelines

The Town's long-term debt strategies will be structured to reflect its capital needs and ability to pay. The Capital Stabilization Fund (see "Overall Financial Policies", #5) will be used in conjunction with regular financial forecasting to maintain overall borrowing costs at a reasonable level (see Debt Limitations below). The Town will not, in general, bond projects or aggregate funding of multiple projects/purchases that fall within the funding ability of the Capital Stabilization Fund. Except for emergency needs, the Town will plan its funding for major capital purchases or improvements by utilizing both the timing of debt acquisition and the length of term for debt repayment in a manner which allows the Town to remain within the guidelines for annual debt service (see Debt Limitations below).

Bond Rating

The community's bond rating is important because it determines the rate of interest it pays when selling bonds and notes. Other things being equal, the higher the bond rating, the lower the interest rate. Bond analysts (Moody's, Standard & Poor's, Fitch) typically look at four sets of factors in assigning a credit rating:

- Debt Factors: debt per capita, debt as a percentage of equalized valuation and rate debt amortization.
- Financial Factors: operating surpluses or deficits, free cash as a percent of revenue, state aid reliance, property tax collection rates, and unfunded pension liability.
- Economic Factors: property values, personal income levels, tax base growth, tax and economic base diversity, unemployment rates and population growth.



SELECT BOARD POLICY

- Management Factors: governmental structure, the existence of a capital improvement plan, the quality of accounting and financial reporting, etc.

The Town will continually strive to improve its bond rating through sound financial management, improved receivables management, accounting and financial reporting and increased reserves, such as the Stabilization Fund.

Debt Limitations

General Fund Debt Service: A limit on debt service costs as a percent of the Town's total budget is especially important because of Proposition 2½ constraints on town's budget. At the same time, the community's regular and well-structured use of long-term debt symbolizes the municipality's commitment to maintaining and improving its infrastructure. The Town of Groton is committed to a debt service budget equal to 5% of the Town's current line-item budget, exclusive of Enterprise funded debt, Community Preservation funded debt and debt service excluded from Proposition 2 1/2. The Town will also, by policy, establish a debt service "floor" of 3% of the Town's current line-item budget, as an expression of support for continued investment in the town's roads, utilities, public facilities and other capital assets. In order to maintain these benchmarks, the Town should schedule future debt service to coincide with maturing debt service. To maintain this floor, if debt service is projected to fall below 3% of the Town's current line-item budget, that amount below shall be expended on one-time pay-as-you-go capital or shall be appropriated to the Capital Stabilization Fund.

Debt Maturity Schedule: As previously stated, Chapter 44 of the General Laws specifies the maximum maturity for bonds issued for various purposes. However, a town may choose to borrow for periods less than the statutory limit. The Town of Groton is committed to establishing an average debt maturity goal of 10 years. This can be accomplished through more aggressive amortization of new debt service and shortening terms for existing debt when the option to refinance a bond becomes available. (It should be noted that revenue supported debt service for water and sewer projects will not be subject to this objective.)

Debt Strategies

Alternative Financing Strategies: The Town will continually pursue opportunities to acquire capital by means other than conventional borrowing; such as grants and low- or zero-interest loans from state agencies, such as the Mass Water Pollution Abatement trust (MWPAT) or the MWRA.

Debt Issuance: The Town will work closely with the Town's Financial Advisor and Bond Counsel to ensure that all legal requirements are met and that the lowest possible interest rate can be obtained.



SELECT BOARD POLICY

Enterprises: Any debt issued for the benefit of the Town's enterprise funds is to be paid from service revenues, unless there is an explicit direction from Town Meeting to contribute General Fund support of the debt service.

Capital Planning: No projects are to be funded by debt authorized by Town Meeting unless those projects have been incorporated in to and vetted by the Town's capital planning process.

Lease-Purchase Financings - any lease purchase agreements, financings, etc., utilized by the Town shall be considered debt for the purposes of this policy and shall be subject to all the constraints cited herein.



SELECT BOARD POLICY

TOWN OF GROTON POLICY FOR THE FUNDING OF OTHER OBLIGATIONS

Introduction

Under Massachusetts General Laws, the Town is currently funding its unfunded pension liability through its participation in the Middlesex County Regional Retirement System. The Town also has the responsibility to fund its Other Post-Employment Benefits (OPEB) liability.

The Town will utilize the following policy towards that end:

Policy Guidelines

Independent Evaluation of Liability: The Town will have its liability measured by an outside consultant every second year; with interim evaluations done yearly for the purposes of updating the total liability.

Limitation of Retiree Health Care Costs: The Town has adopted the requirements of Section 18A of Chapter 32B, which serves to limit liability for retiree health insurance by utilizing the benefits of Medicare and thereby shifting some of the cost away from local funding.

OPEB Funding Plan:

PURPOSE

To provide the basis for a responsible plan for meeting the Town's obligation to provide other post-employment benefits (OPEB) to current and future retirees, this policy provides guidelines designed to ensure OPEB sustainability and achieve generational equity among those called upon to financially support OPEB, thereby avoiding transferring costs into the future. This policy is adopted in compliance with Governmental Accounting Standards Board (GASB 74/75) and Massachusetts General Law, Chapter 203C, §3 and Massachusetts General Law, Chapter 32B, §20.

APPLICABILITY

This policy encompasses OPEB-related budget decisions, accounting, financial reporting, and investment. It applies to the Select Board, Finance Committee and Town Manager in their budget decision making responsibilities. This Policy also applies to the OPEB related duties of the Finance Team members, including the Town Accountant, Town Treasurer-Tax Collector, Principal Assistant Assessor, Human Resources Director and Executive Assistant to the Town Manager.



SELECT BOARD POLICY

BACKGROUND

In addition to salaries, the Town of Groton compensates employees in a variety of other forms. Many earn benefits over their years of service that they will not receive until after retirement. A pension is one such earned benefit. Another is a set of retirement insurance plans for health and life. These are collectively referred to as other post-employment benefits or OPEB.

OPEB represents a significant liability for the Town that must be properly measured, reported, and planned for financially. As part of the long-range plan to fund this obligation, the Town established an OPEB Trust Fund, which allows for long term asset investment at higher rates of return than those realized by general operating funds. This fund is managed by the Town Treasurer.

POLICY

The Town of Groton is committed to funding the long-term cost of the benefits promised its employees. To do so, the Town will accumulate resources for future benefit payments in a disciplined, methodical manner during the active service life of employees. The Town will also periodically assess strategies to mitigate its OPEB liability. This involves evaluating the structure of offered benefits and their cost drivers while at the same time avoiding benefit reductions that would place undue burdens on employees or risk making the Town an uncompetitive employer.

A. Accounting and Reporting

The Town Treasurer, responsible for oversight of the investment portfolio, has designated Morgan Stanley as investment manager of the trust assets. The Treasurer will manage the fund's contributions and disbursements and monitor the account and investment activity reports. On an annual basis, the Finance Team will meet to review the Trust's investment policy to ensure conformance with the State's prudent investor laws, and to review investment strategy, performance and fees.

The Town Accountant will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in financial statements that comply with the current guidelines of the Governmental Accounting Standards Board.

The Town Manager shall ensure that the Town's independent audit firm reviews compliance with the accounting and reporting provisions of this policy as part of its annual audits and will report on these to the Select Board.



SELECT BOARD POLICY

B. Mitigation

On an ongoing basis, the Town will assess healthcare cost containment measures and evaluate strategies to mitigate its OPEB liability. The Treasurer shall monitor proposed laws affecting OPEB and Medicare and analyze their impacts. The Treasurer shall also regularly audit the group insurance and retiree rolls and drop any participants found to be ineligible based on work hours, active Medicare status, or other factors.

C. Funding

To address the OPEB liability, decision makers shall analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The Town shall derive funding to invest in the OPEB Trust from taxation, free cash, retained earnings, and any other legal form. Among strategies to consider for funding the obligation:

- Determine and commit to appropriating an annual portion of Free Cash and available Tax Capacity.
- Determine and appropriate annually the amount necessary to prevent the net present value OPEB Liability from increasing.
- When a new position is created, determine the OPEB liability for the position and appropriate annually the anticipated OPEB liability of the position, in addition to the annual cost of the position.
- When the Town's Unfunded Pension Liability is fully funded in 2035, the Town will appropriate such savings to the Town's OPEB Trust to reduce its OPEB Liability.



SELECT BOARD POLICY

TOWN OF GROTON POLICY FOR THE REVIEW OF BUDGET PERFORMANCE

Introduction

The Town Charter requires the Town Manager to present a balanced budget to the Select Board and the Finance Committee six months prior to the beginning of each fiscal year; in effect by January 1st. Prior to the formulation of the Budget, the Select Board, Finance Committee and Town Manager shall meet prior to October 1st to determine budgetary goals for the ensuing Fiscal Year. The initial budget is developed in conjunction with the Town's Department Managers and reviewed in several public meetings as well as formal public hearings, culminating in ratification by Town Meeting. The Town utilizes specific line items for its budget, each line considered a separate and distinct appropriation. In order to monitor expenditures and assure the integrity of the overall budget, regular review and management direction is required, as outlined in the policy guidelines below.

Policy Guidelines

Line-Item Appropriation Review: Each Department Manager or elected/appointed Board/Commission is required to monitor expenditures, and local receipts revenue if applicable, relevant to that governmental area's operation. The Accounting Department will provide budget variance reports at least monthly as a management tool to aid periodic monitoring.

Total Budget Review: The Town Manager will review the monthly variance reports for all departments/cost centers; and the Town Accountant will provide ongoing oversight. There will be periodic presentation of the budget status to the Select Board and Finance Committee; this presentation to occur at least quarterly.

Reserve Fund: The Town will include a budgetary reserve fund equal to approximately 1% of the total general fund appropriations less the assessments to the district schools which will be under the management of the Finance Committee to account for extraordinary or unforeseen expenses.

Line-Item Transfer: The budget will be reviewed twice each year by the Town Manager in conjunction with the Town Accountant and the Finance Committee for opportunities to re-balance the original budget. Such reviews will take place prior to the fall and spring annual town meetings and any transfers will be publicly debated and subsequently ratified by Town Meeting.



SELECT BOARD POLICY

TOWN OF GROTON POST ISSUANCE COMPLIANCE POLICY

OBJECTIVE OF THE POLICY

The objective of this policy is to ensure compliance with federal tax law and regulations pertaining to the use of tax-exempt governmental purpose bonds and to the use of property, projects and equipment funded with tax-exempt governmental purpose bonds.

This document is to encompass the following:

- The use of bond proceeds (and the term "bond", except as otherwise indicated, includes notes, bonds and tax-exempt lease purchases issued by the Town);
- The use of property, projects, equipment, etc. funded with tax-exempt bond proceeds;
- The timely expenditure of bond proceeds;
- Compliance with arbitrage yield restriction rules and with the calculation and timely payment of arbitrage rebate payments, as required;
- Filing requirements;
- The reserve of funds in anticipation of a rebate payment requirement;
- Collection and retention of necessary documentation; and
- Resolution of problems.

RESPONSIBILITIES OF THE PARTIES INVOLVED

The Town Treasurer shall be responsible for implementing this policy. The Treasurer will be assisted by:

- The Town Accountant, who is responsible for recording expenditures and interest earnings and for reviewing and approving contracts entered into by the Town;
- The Town Manager, who is the Chief Procurement Officer, or a designated subordinate has ultimate responsibility for the implementation of Town capital projects and disposition of Town property; and



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- The Chief Procurement Officer, if other than the Town Manager, who has the responsibility for procuring service and management contracts and overseeing the acquisition and disposition of Town property.

It is the Treasurer's responsibility to convey to each party the Treasurer's expectations as to their performance relating to project implementation, project expenditures, documentation, and information required by the Treasurer to remain in compliance with applicable tax law. Since all the responsible parties participate in the issuance of Town bonds, the Treasurer will provide direction to those responsible parties during the process of issuing bonds, at the time of the delivery of bond proceeds, and after the delivery of bond proceeds but prior to the final maturity of the bonds.

SCOPE OF THE POLICY AND PROCEDURES

The following sections outline the scope of the policy and procedures for which the Treasurer is responsible:

Use of bond proceeds and bond funded property -

It is the Treasurer's responsibility to monitor and ensure the proper use of bond proceeds and bond funded property.

The proper use of tax-exempt bond proceeds and the proper use of bond-funded property, projects, equipment, etc., (hereafter "property"), will be confirmed and documented through Bond Counsel's review prior to the issuance of tax-exempt bonds and will be addressed in the legal opinion issued by Bond Counsel and in the Tax Certificate (or Non-Arbitrage Certificate) prepared by Bond Counsel as part of the final bond transcript.

There are further requirements associated with the proper use of bond financed projects and of the use of bond proceeds included in the Massachusetts General Laws and in the regulations imposed by the Department of Revenue regulations. Although these requirements are not part of federal tax law, the requirements do dictate how bond funded property is to be disposed of or how it might be used in a manner other than originally contemplated.

The continued proper use of property funded with tax-exempt bond proceeds will be monitored by the Treasurer through an annual reminder of such to appropriate Town officials and through the review of any Town proposals considering the change in use of the property or Town procurements relating to such property. The procurement of service contracts, management contracts and leases for the limited use of Town property should also be reviewed by the Treasurer. The Treasurer will be responsible for managing any remedial actions, if required,



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Timely expenditure of bond proceeds -

The Federal Tax Code sets explicit expectations relating to the expenditure of bond proceeds. There are certain "safe harbors" for small issuers. If expenditure expectations for small issuers are not met, the unexpended bond proceeds must be yield restricted. There are also expenditure thresholds to be satisfied for bonds issued where the Town cannot use the "small issuer" exemption. If these thresholds are not met, the Town may be required to rebate its positive arbitrage earnings to the Federal Treasury.

It is the responsibility of the Treasurer to review the expenditure requirements cited in the Tax Certificate and to monitor the expenditure of bond proceeds until all funds are expended.

Arbitrage yield restriction and rebate -

It is the responsibility of the Treasurer to manage yield restricted investments. It is the responsibility of the Treasurer to determine rebate exposure; to procure arbitrage calculation services; to make rebate payments, as required, to the Federal Treasury; and to prepare 8038-T forms for such purposes. It is also the responsibility of the Treasurer to reserve funds for such rebate payments, as appropriate, and to report the rebate liability to the Town's Independent Financial Auditor.

Filing requirements -

The proper filings of forms 8038-G and 8038-GC are essential with every tax-exempt financing. All 8038-G's and 8038-GC's are to be signed by the Town Treasurer. No other official in the Town is authorized to execute these forms.

It is the responsibility of the Treasurer to ensure rebate payments, if required, are made on a timely basis. Such payments must be made within 60 days of the maturity of a note; within 60 days of the fifth anniversary, and multiples thereof, of the issue of a bond; and within 60 days of the final maturity of a bond. The payment of a rebate is to be accompanied by and documented on the form 8038-T.

Documentation -

It is the responsibility of the Treasurer to ensure all proper documentation is produced and retained as required. Such documentation will include, but not necessarily be limited to, the following:

- Tax Certificates or Non-Arbitrage Certificates.



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- Note and Bond transcripts.
- Form 8038-G's and 8038-GC's.
- Projected expenditure cash flows prepared for each financing prior to issue.
- The record of the expenditure of funds.
- The record of the investment earnings on unexpended bond proceeds prior to full expenditure.
- Yield restricted investments, as required.
- Rebate calculations, rebate payments, and Form 8038-T, as required.
- The list of projected tax-exempt financings during each calendar-year.
- Management contracts.

If a problem occurs -

It is the responsibility of the Treasurer to address violations associated with any tax-exempt financing when violations are discovered. The violation may be addressed through the Voluntary Compliance Agreement Program (VCAP). Alternatively, remedial action may be required under Section 1.141-12 of the Internal Revenue Service regulations. The Treasurer shall consult with the Town's Bond Counsel and/or Financial Advisor as appropriate.

PROCEDURES TO BE FOLLOWED BY THE TREASURER

The following procedures are to be followed by the Treasurer. Procedures to ensure proper use of tax-exempt funds:

In the process of preparing for a bond or note sale, the Treasurer will provide information to Bond Counsel pertaining to the proper use of the property being acquired with tax-exempt funds. Prior to the distribution of the Preliminary Official Statement, the Treasurer shall meet with appropriate Town officials, including at minimum the Town Manager and the Select Board, to review the information provided to Bond Counsel, to review the intended use of the bond proceeds and the property funded and to determine whether there are any contemplated uses of the property that might be inconsistent with the use of tax-exempt funds. The Treasurer shall document this meeting in a memorandum to file.



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Procedures to ensure compliance with the use and expenditure of note and bond proceeds at the time of sale:

At the time of the sale of notes and bonds, it is assumed that the projected use of proceeds and the use of the property being funded are in compliance with the Federal tax code. It is reasonable to rely on the scrutiny of Bond Counsel and the documentation that accompanies each financing, based on the information provided to Bond Counsel.

With the completion of a financing, the Treasurer is to compile and maintain a separate file associated with the financing. This documentation will typically include the following:

- The bids results, the final numbers, and the quantitative rationale for the use of credit enhancement.
- The transcript for the financing, which, at minimum, should include the tax certificate (non-arbitrage certificate). The tax certificate should include a description of use of funds, the identification of the expenditure test to which the bonds are subject, and the arbitrage yield.
- The form 8038-G or 8038-GC.
- The projected expenditure cash flow by purpose, as provided to Bond Counsel prior to the issuance of the bonds. The cash flow is to be for each purpose, projecting the expenditure of funds on at least a semi-annual basis, until all funds are expended. If the bonds are subject to certain expenditure thresholds, the cash flow should present the amount of proceeds that should be expended at each threshold. The cash flow should be adjusted to reflect an issue amount that might be in excess of the amount originally included in the cash flow (for example, a large original issue premium).
- Any other notes prepared by the Treasurer, as applicable, relating to the monitoring of the expenditure of funds and use of the property.

The Treasurer shall establish one or more bank accounts for the purposes funded to allow for the tracking of the expenditure of fund so it is necessary that the account documentation be able to show every payment made by amount and date and every credit of interest earnings by amount and date. If all the purposes are co-mingled in one account, there should be a separate recording of expenditures and investment earnings by purpose by the Town Accountant.

As required under the Massachusetts General Laws, all interest earnings shall be credited and released to the General Fund when earned.

All such account documentation should be maintained for six years after final maturity of bonds.



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Procedures to monitor the rate of expenditure of bonds -

To monitor the expenditure of bond proceeds, the Treasurer shall perform the following review:

- At the end of each fiscal year, and within thirty days of the final maturity of any note or bond, the Treasurer shall review the expenditure account and check for compliance with the required expenditure thresholds.
- The Treasurer shall assess the likelihood of continued compliance with the expenditure thresholds, or if a threshold has not been met, assess the likelihood of positive arbitrage.
- If the Treasurer believes the expenditure thresholds have not been met and/or will not be met, and also expects there will be investment earnings in excess of the arbitrage yield, then the Treasurer is to reserve an amount estimated to represent a future rebate payment or, as applicable, to request an appropriation of Town Meeting for the rebate payment.
- The Treasurer is to continue to monitor expenditures at the end of each fiscal year, or at the maturity of an issue, until all funds are expended.
- If after the maturity of a note or bond, the Treasurer determines that a rebate is likely payable to the Federal Treasury, the Treasurer shall procure the services of a firm to calculate the rebate and thereafter make payment in a timely fashion.

Thus, in addition to the documentation compiled at the closing of the bond, the Treasurer shall add the following additional documentation:

- The record documenting expenditures until the next time a review is performed.
 - As applicable, any rebate calculations performed.
 - As applicable, any Forms 8038-T prepared.
- When all the funds are expended, the Treasurer shall accumulate all appropriate documentation and retain it until six years after the final maturity of the financings that funded the property.

Procedures associated with the investment of bond proceeds -

Unless funds are subject to yield restriction, the Treasurer shall be responsible for the investment of bond proceeds as deemed appropriate. If investment contracts are purchased at the time of the delivery of bond proceeds, such contracts shall be procured under the scrutiny of Bond Counsel.



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Procedures associated with procurement of investments associated with a bond issue -

It is the responsibility of the Treasurer to ensure other investments made relating to a bond issue (such as investments purchased to fund an escrow for a current or advance refunding) are procured in accordance with applicable tax regulations.

Procedures to ensure compliance with the use of service contracts and management contracts -

The Chief Procurement Officer shall forward all Requests for Proposals for service and/or management contracts for review by the Treasurer. The Treasurer shall provide appropriate direction to the Chief Procurement Officer relating to private activity issues associated with service and management contracts. As required, the Treasurer shall request advice from the Town's Bond Counsel and/or Financial Advisor.

Procedures to ensure compliance with lease purchases -

At the beginning of each fiscal year, the Treasurer shall inform all Town Department Heads and other Town officials that no lease purchase contracts are to be entered into without the approval of the Treasurer. In addition, the Treasurer shall inform them that the forms 8038-G and 8038-GC are only to be signed by the Treasurer.

Procedures to ensure compliance with the change of use of tax-exempt bond funded property -

At the beginning of each fiscal year, the Treasurer shall present a memorandum to the Town Manager, to the Town Accountant, and to Town Department Heads reviewing the expected proper use of bond funded property and requesting any information as to the possible change in use or disposition of property. At any time during the fiscal year, if there is a change in use or disposition of property contemplated, the Town Manager shall inform the Treasurer of the proposal. As needed, the Treasurer shall consult with Bond Counsel and/or the Town's financial advisor relating to such proposal.

In the case where change in use is subject to Town Meeting approval, the Town Manager shall forward all Town Meeting articles relating to the change in use or sale of Town tax-exempt bond funded property for review by the Treasurer. The Treasurer shall provide appropriate direction to the Chief Procurement Officer relating to issues associated with the change in use of tax-exempt bond funded property. As required, the Treasurer shall request advice from the Town's Bond Counsel and/or Financial Advisor.



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Procedures to project calendar year schedule of note and bond issues -

At the beginning of each calendar year, the Treasurer shall prepare and/or update a list of all projected tax-exempt financings issued and expected to be issued during the then current calendar year. This record shall document representations made by the Town relating to the small issuer safe harbor status and/or the Bank Qualification of tax-exempt issues of the Town. At the beginning of the following fiscal year, the Treasurer shall review the list of financings and shall revise it accordingly.

Documentation attached hereto -

The following documentation is attached to assist in the direction, training, etc., of those parties identified with responsibilities:

- IRS Publication 4078, Tax-exempt Private Activity Bonds
- IRS Publication 4079, Tax-exempt Governmental Bonds



SELECT BOARD POLICY

Town of Groton Investment Policy

Introduction

Massachusetts General Laws, Chapter 44, Section 55B requires the municipal treasurer to invest all public funds except those required to be kept uninvested for the purpose of immediate distribution. These guidelines are intended to further the objective of securing the highest return that is consistent with safety of principal while meeting the daily cash requirements for the operation of Town's business, according to the following objectives:

Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be lessened by diversification and prudent selection of investment of the security issuer or backer. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases. Yield is the third, and last, objective. Investments shall be made so as to achieve the best rate of return, taking into account safety and liquidity constraints, as well as all legal requirements.

Investment Instruments

The Treasurer shall negotiate for the highest rates possible, consistent with safety principles, avoiding uncollateralized investment products. Unsecured bank deposits of any kind will be limited to no more than 1% of an institution's assets and no more than 10% of the Town's cash.

Diversification

Diversification should be interpreted in two ways: In terms of maturity, as well as instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution. With the exception of U.S. Treasuries or agencies, no more than 10% of the Town's investments should be invested in a single financial institution, except with the prior approval of the Town Manager and Select Board.

Authorization



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The Treasurer has authority to invest the Town's funds, subject to the statutes of the Commonwealth cited above.

Ethics

The Town Treasurer (and Assistant Treasurer) shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair ability to make impartial investment decisions. Said individuals shall disclose to the Town Manager, and file in writing with the Town Clerk, any material financial interest in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the Town's investments.

Relationship with Financial Institutions

Financial institutions should be selected first and foremost with regard to safety. The Town should subscribe to and use one or more of the recognized bank rating services, such as Veribanc or Sheshunoff. Brokers should be recognized, reputable dealers. The Town shall require any brokerage houses and broker/dealers, wishing to do business with the municipality, to supply information and references sufficient to assure entering into a banking relationship.

The Investment of Trust Funds, Bond Proceeds, Stabilization Funds and OPEB Trust Funds

Scope

This section of the policy applies only to funds that could be invested long-term (i.e. bond proceeds, trust funds and stabilization funds and OPEB trust funds).

Investment Policy Statements (IPS)

The Town of Groton must maintain separate Investment Policy Statements for General Fund & Long-Term Funds, Trust Funds and OPEB Trust Funds, the primary purpose of which is to provide a clear understanding regarding the Town's objectives, goals, risk tolerance and investment guidelines for the investment of each category of funds. Each IPS should be reviewed annually by the Town Treasurer in consultation with the Town's respective portfolio managers, and any revisions, if deemed appropriate, should be updated accordingly.

Attached: Town of Groton Investment Policy Statements (IPS)

- General Fund & Long-Term Funds IPS
- Trust Funds IPS
- OPEB Trust IPS



SELECT BOARD POLICY

Bond Proceeds

Investment of Bond proceeds is governed by the same restrictions as general funds, with the additional caveat of arbitrage regulations.

Trust Funds

Trust Funds may be co-mingled and invested in any instruments allowed by Legal List issued by the Banking Commissioner. Each trust fund must be accounted for separately.

Effective October 3, 2020, the Town approved a petition of Special Legislation to the Senate and House of Representatives of the Commonwealth of Massachusetts to enact special legislation authorizing the Treasurer of the Town of Groton to invest the Town's Trust funds notwithstanding section 54 of chapter 44 of the General Laws or any other general or specific law to the contrary with the Massachusetts Prudent Investor Act, codified in Chapter 203C of the General Laws. With respect to the Town of Groton, the Massachusetts Prudent Investor Act shall take effect upon its passage and will supersede any previous Trust Funds investment parameters (i.e., Legal List).

Stabilization Funds

The Stabilization Fund shall not exceed ten percent of the equalized valuation of the Town, and any interest shall be added to and become a part of the fund.

POLICY ENDORSEMENT:

Chairman, Select Board

Town Manager

Town Treasurer

Town Accountant

Chairman, Finance Committee