FINAL REPORT AS OF 10/17/2023

FISCAL YEAR 2025

REPORT OF THE TOWN MANAGER'S TRI-COMM WORKING GROUP

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INTRODUCTION

The development of the Fiscal Year 2024 Operating Budget was particularly arduous. The final budget came down to the wire as the Groton Dunstable Regional School District Committee needed additional time to finalize their proposed budget and assessment to the Towns of Groton and Dunstable. There were several factors that delayed the Budget. First, the Town of Groton was required to present the initial FY 2024 Budget by December 31, 2022. This requirement forced the School District to provide anticipated needs for FY 2024 far in advance of when they would normally create the Superintendent's Proposed Budget. Based on various factors, including anticipated increases in out-of-district tuitions, health insurance, the Middlesex County Retirement Assessment, utilities and regular education transportation, the School District anticipated an increase in the Town of Groton's Assessment of $3,230,982. This put the Town in the position of having to present a balanced budget that would not meet the needs of the School District.

Second, the Commonwealth elected a new Governor who would need additional time to present the initial State Budget. While this budget is ordinarily presented in February, 2023, it was delayed until March, 2023, to allow the new Governor more time to develop the budget. Since Chapter 70 and Chapter 71 are a major revenue source for the School District, it was difficult for them to determine the final Assessment to the Towns. Finally, the Town of Dunstable did not start their FY 2024 Budget Process until later in the Spring due to the fact that they were transitioning to a new Town Administrator who also needed more time to develop Dunstable's budget. All of these factors forced the Town of Groton and the Groton Dunstable Regional School District to make budgetary decisions for Fiscal Year 2024 on the fly. A usually cohesive budget process was anything but that. There was not enough time to develop an argument for increased revenues, including an Override of Proposition 2½. While the Town and School District lobbied the Commonwealth for increases in State Funding, this effort would not provide the needed revenues to balance the budget, without making significant cuts to the Municipal and School Budget. At the end of the process, both the Town of Groton and School District made significant cuts in services to balance the Fiscal Year 2024 Budget.

To avoid a similar outcome in Fiscal Year 2025, the Town Manager proposed forming a working group that would begin reviewing the FY 2025 Budget over the Summer of 2023. The Town Manager's Tri-Comm Working Group was made up of representatives of the Town's and School District's Administrations, the Groton Select Board, the Groton Finance Committee and the Groton Dunstable Regional School District Committee. The following individuals formed the Working Group:

Mark Haddad – Groton Town Manager
Patricia DuFresne – Groton Assistant Finance Director/Town Accountant
Dr. Laura Chesson – Groton Dunstable Regional School District Superintendent
Sherry Kersey – Groton Dunstable Regional School District Director of Business
Alison Manugian – Member, Groton Select Board
Matthew Pisani – Member, Groton Select Board
Bud Robertson – Member, Groton Finance Committee
Mary Linskey – Member, Groton Finance Committee
Fay Raynor – Member, Groton Dunstable Regional School District Committee
Brian LeBlanc – Member, Groton Dunstable Regional School District Committee
Rosanna Casavecchia – Member, Groton Dunstable Regional School District Committee

In addition, serving as ex-officio members to provide support and budgetary information, is the Town of Groton's Finance Team, made up of:

Hannah Moller – Treasurer/Tax Collector
Megan Foster – Principal Assessor
Dawn Dunbar – Town Clerk
Melisa Doig – Human Resources Director
Kara Cruikshank – Executive Assistant

PROCESS

The first meeting of the Working Group took place on June 12, 2023. During that meeting, the Working Group discussed the process of how they would review the Budget and provide a recommendation(s) to the Groton Select Board, Groton Finance Committee and Groton Dunstable Regional School District Committee. The Working Group also used this meeting to set their meeting Schedule. It was determined that the best way to conduct this work was to perform the following tasks:

1. Review Current Spending comparing it to Comparable Communities and School Districts.
2. Develop Preliminary Revenue Projections for Fiscal Years 2025 through 2029.
3. Develop Spending Assumptions for Fiscal Year 2025 through 2029.
4. Develop a Five Year Financial Plan for the Town of Groton and Groton Dunstable Regional School District.

The Working Group met six times over the summer conducting this work. During the time the Working Group was not meeting, Town and School Staff continually updated projections and assumptions to allow the Working Group to develop a final plan and recommendation. An initial Five Year Financial Plan was developed. The overall process was comprehensive and allowed the Working Group to provide recommendations to meet the needs of the Town and School District over the next Five Fiscal Years and avoid the pitfalls of Fiscal Year 2024.

COMPARABLE COMMUNITIES AND SCHOOL DISTRICTS REVIEW

Town of Groton

The Town's Finance Team conducted a study of comparable communities to determine how Groton's spending compared to similar communities. While it is impossible to find an exact match, the Finance Team did its best to come up with criteria that provides the best comparables. The following criteria was used to pare down 351 Cities and Towns in Massachusetts to five (5):

1. Population
2. Residential vs. Commercial, Industrial Personal Property Percentage
3. Average Single-Family Home
5. Average Single-Family Tax Bill
6. Single-Family Tax Bill as Percentage of Value
7. Department of Revenue Income Per Capita

Based on these criteria, the following five (5) towns were chosen:

1. Georgetown, Massachusetts
2. Hamilton, Massachusetts
3. Hanover, Massachusetts
4. Norfolk, Massachusetts
5. Swampscott, Massachusetts

The following chart shows the comparison using the above referenced criteria:

Comparable Communities Comparison Criteria
Fiscal Year 2023

Town	Population	Residential Property Value Percentage	CIP Value Percentage	Single Family Value	Average Single Family Value	Average Single Family Tax Bill	Single Family Tax Bill As Percentage of Value	Department of Revenue Income Per Capita
Georgetown	9,000	91%	9%	$1,490,933,760	$ 596,545	$ 7,747	1.30%	$ 52,909
Groton	10,739	94%	6%	$2,057,915,300	$ 633,985	$ 9,916	1.56%	$ 68,993
Hamilton	7,561	96%	5%	$1,697,245,700	$ 713,728	$ 11,662	1.63%	$ 79,695
Hanover	14,609	85%	15%	$2,864,871,441	$ 678,719	$ 9,156	1.35%	$ 57,309
Norfolk	11,662	93%	7%	$1,973,565,642	$ 626,131	$ 10,275	1.64%	$ 61,775
Swampscott	14,792	88%	12%	$2,857,657,400	$ 824,245	$ 9,677	1.17%	$ 72,187

Once the Comparables were selected, the next step was to drill down and select various areas in which to compare the communities. The following are the areas that were selected to compare:

1. FY 2022 Total Municipal Expenditures
2. FY 2022 Total Educational Expenditures
3. FY 2022 Percentage of Municipal Expenditures Broken Down by Category as Follows:

   General Government
   Public Safety
   DPW
   Human Services
   Culture and Recreation

4. FY 2022 Stabilization Fund Balance/Percentage of Expenditures
5. FY 2022 Local Receipts/Percentage of Expenditures
6. FY 2022 Unrestricted Local State Aid/Percentage of Expenditures
7. FY 2018 - FY 2023 Free Cash/Percentage of Budget

The following Chart compares FY 2022 Total Municipal Expenditure vs Total Education Expenditures and the percentage of each:

Town	Total Municipal Expenditures	Total Education Expenditures	Grand Total Expenditures	Percentage Expenditures Municipal	Percentage Expenditures Education
Georgetown	$ 15,967,606	$ 17,559,677	$ 33,527,283	48%	52%
Groton	$ 17,752,725	$ 25,047,906	$ 42,800,631	41%	59%
Hamilton	$ 11,878,747	$ 21,787,353	$ 33,666,100	35%	65%
Hanover	$ 33,435,848	$ 32,786,496	$ 66,222,344	50%	50%
Norfolk	$ 21,813,200	$ 23,552,233	$ 45,365,433	48%	52%
Swampscott	$ 33,855,501	$ 30,311,491	$ 64,166,992	53%	47%

The following Chart compares the percentage of total expenditures spent on General Government:

Town	General Government Expenditures	Percentage
Hanover	$ 5,779,554	8.73%
Norfolk	$ 2,883,452	6.36%
Georgetown	$ 2,055,564	6.13%
Hamilton	$ 2,038,622	6.06%
Swampscott	$ 3,582,757	5.58%
Groton	$ 2,373,601	5.55%

The following Chart compares the percentage of total expenditures spent on Public Safety:

Town	Public Safety Expenditures	Percentage
Norfolk	$ 6,097,393	13.44%
Swampscott	$ 8,453,450	13.17%
Hanover	$ 8,559,712	12.93%
Groton	$ 4,854,592	11.34%
Hamilton	$ 3,376,465	10.03%
Georgetown	$ 2,676,745	7.98%

The following Chart compares the percentage of total expenditures spent on Public Works:

Town	DPW Expenditures	Percentage
Hanover	$ 3,877,003	5.85%
Hamilton	$ 1,944,134	5.77%
Norfolk	$ 2,359,396	5.20%
Groton	$ 2,030,732	4.74%
Georgetown	$ 1,156,714	3.45%
Swampscott	$ 1,542,313	2.40%

The following Chart compares the percentage of total expenditures spent on Human Services:

Town	Human Services Expenditures	Percentage
Swampscott	$ 1,829,339	2.85%
Georgetown	$ 413,173	1.23%
Hamilton	$ 253,558	0.75%
Hanover	$ 477,213	0.72%
Groton	$ 296,691	0.69%
Norfolk	$ 219,176	0.48%

The following Chart compares the percentage of total expenditures spent on Culture and Recreation*:

Town	Culture and Recreation Expenditures	Percentage
Groton	$ 1,611,513	3.77%
Norfolk	$ 784,825	1.73%
Georgetown	$ 523,211	1.56%
Swampscott	$ 798,229	1.24%
Hanover	$ 563,172	0.85%
Hamilton	$ 255,817	0.76%

*Please note that Groton is the only community with a Municipal Golf Course as part of the Operating Budget. When you remove Country Club Expenditures from Culture and Recreation, Groton's percentage of expenditures in this category drops from 3.77% to 2.65%.

The following Chart compares FY 2022 Stabilization Fund Balance as a percentage of Total Expenditures:

Town	Grand Total Expenditures	FY 2022 Stabilization Fund Balance	Percentage of Total Expenditures
Swampscott	$ 64,166,992	$ 9,005,607	14.03%
Hamilton	$ 33,666,100	$ 3,862,083	11.47%
Georgetown	$ 33,527,283	$ 1,968,255	5.87%
Groton	$ 42,800,631	$ 2,090,977	4.89%
Norfolk	$ 45,365,433	$ 1,987,853	4.38%
Hanover	$ 66,222,344	$ 2,253,625	3.40%

The following Chart compares what percentage of FY 2022 Total Expenditures was covered by Local Receipts:

Town	Grand Total Expenditures	FY 2022 Local Receipts Total	Percentage of Total Expenditures
Groton	$ 42,800,631	$ 4,808,620	11.23%
Georgetown	$ 33,527,283	$ 3,686,377	11.00%
Swampscott	$ 64,166,992	$ 6,028,883	9.40%
Norfolk	$ 45,365,433	$ 3,400,000	7.49%
Hanover	$ 66,222,344	$ 4,797,552	7.24%
Hamilton	$ 33,666,100	$ 2,038,656	6.06%

The following Chart compares what percentage of FY 2022 Total Expenditures was covered by Unrestricted Local Aid from the Commonwealth:

Town	Grand Total Expenditures	FY 2022 Unrestricted Local Aid Total	Percentage of Total Expenditures
Hanover	$ 66,222,344	$ 2,328,164	3.52%
Georgetown	$ 33,527,283	$ 787,316	2.35%
Norfolk	$ 45,365,433	$ 1,053,971	2.32%
Swampscott	$ 64,166,992	$ 1,422,619	2.22%
Hamilton	$ 33,666,100	$ 738,402	2.19%
Groton	$ 42,800,631	$ 851,347	1.99%

The following Chart shows a Free Cash Analysis from Fiscal Year 2018 through Fiscal Year 2023. This analysis was expanded to cover more years than the other evaluated criteria based on the fact that there has been much discussion over the last several years over the conservative nature of the Town's Finance Team's approach with regard to estimating revenues:

2018	*Groton*	*Georgetown*	*Hamilton*	*Hanover*	*Norfollk*	*Swampscott*
Free Cash Certified	2,369,261	645,208	3,004,450	3,219,470	1,557,070	4,038,376
Prior Year Operating Budget	36,142,036	30,067,624	28,814,870	58,475,325	38,938,879	60,441,570
Certified Free Cash % of Budget	6.56%	2.15%	10.43%	5.51%	4.00%	6.68%

2019	*Groton*	*Georgetown*	*Hamilton*	*Hanover*	*Norfollk*	*Swampscott*
Free Cash Certified	2,212,873	667,597	2,778,632	3,010,477	1,033,194	3,161,170
Prior Year Operating Budget	38,863,676	30,503,264	29,613,385	60,993,492	41,083,158	60,964,408
Certified Free Cash % of Budget	5.69%	2.19%	9.38%	4.94%	2.51%	5.19%

2020	*Groton*	*Georgetown*	*Hamilton*	*Hanover*	*Norfollk*	*Swampscott*
Free Cash Certified	1,335,762	1,478,843	3,033,888	4,293,469	1,142,024	4,430,176
Prior Year Operating Budget	40,478,886	31,511,869	30,584,002	63,727,028	42,714,077	61,720,080
Certified Free Cash % of Budget	3.30%	4.69%	9.92%	6.74%	2.67%	7.18%

2021	*Groton*	*Georgetown*	*Hamilton*	*Hanover*	*Norfollk*	*Swampscott*
Free Cash Certified	1,087,033	1,029,901	3,343,823	3,933,629	997,759	4,716,580
Prior Year Operating Budget	41,694,886	33,325,066	32,788,415	65,638,252	44,258,454	62,895,270
Certified Free Cash % of Budget	2.61%	3.09%	10.20%	5.99%	2.25%	7.50%

2022	*Groton*	*Georgetown*	*Hamilton*	*Hanover*	*Norfollk*	*Swampscott*
Free Cash Certified	2,347,087	934,648	4,178,072	6,812,892	3,084,163	3,630,048
Prior Year Operating Budget	41,464,563	33,390,662	34,698,735	66,031,394	44,937,025	62,930,223
Certified Free Cash % of Budget	5.66%	2.80%	12.04%	10.32%	6.86%	5.77%

2023	*Groton*	*Georgetown*	*Hamilton*	*Hanover*	*Norfollk*	*Swampscott*
Free Cash Certified	2,115,125	2,003,643	5,709,332	5,231,278	2,946,662	3,630,509
Prior Year Operating Budget	44,718,806	33,823,263	35,449,576	67,576,867	47,572,968	64,910,088
Certified Free Cash % of Budget	4.73%	5.92%	16.11%	7.74%	6.19%	5.59%

Summary

From the Data presented in this Comparable Community Comparison, a few interesting facts/data points should be considered when reviewing the Town of Groton's Municipal Budgeting practices:

1. Groton's Stabilization Fund Balance, while average among the comparable communities, should be increased to a larger percentage than five (5%) percent of the Budget if the Town wants to maintain its AAA Bond Rating.

2. Groton is, for the most part, average among the comparable communities when it comes to municipal expenditures, with the exception of Culture and Recreation. Even after removing the Country Club from this Culture and Recreation, Groton spends far more in this category. The main expense within Culture and Recreation is the Groton Public Library. Groton spends a larger percentage of its operating Budget on Library services than any of the other comparable communities.

3. Groton has the largest percentage of Local Receipts to offset operating expenses.

4. Groton has the lowest percentage of Unrestricted Local Aid to offset operating expenses. Similar to the Groton Dunstable Regional School District, the State does not support local services in Groton to the extent that it does comparable communities.

5. Groton's Free Cash Balance, as a percentage of the Operating Budget since 2018 is in line with the comparable communities.

Based on this Report, the Working Group concludes that Municipal Spending is line with comparable communities.

Groton Dunstable Regional School District

Superintendent Chesson and Director of Business Sherry Kersey conducted a similar review of comparable School Districts. They developed a report entitled "Groton Dunstable Regional School District 'By the Numbers'". The full report is available on the Town of Groton's Website – www.grotonma.gov and the School District's Website - www.gdrsd.org.

The goal of the report was to provide information as follows:

- Overall numbers (size, per pupil, FTE's, district wealth)
- Overall demographics (English Language Learners, Low Socioeconomic status, Students with disabilities)
- Percentage of major budget categories
- Major staffing categories
- How GDRSD compares to other districts that are comparable to GD (i.e. Market Basket Districts) and in some cases the state of MA

Four School Districts were considered comparable to the Groton Dunstable Regional School District based on total enrollment. They are:

- Bedford
- Lynnfield
- North Reading
- Westwood

The following categories were compared:

1. Demographics
2. Budget
3. Staffing and Allocation of Resources
4. Special Education
5. Academics

Demographics

The following compares the Districts by "In District Students with Disabilities":

Westwood – 21%
North Reading – 19%
Bedford – 19%
Lynnfield – 18%
Groton Dunstable – 17%

The following compares the Districts by "English Learner Students":

Bedford – 4%
Groton Dunstable – 2%
Lynnfield – 2%
North Reading – 1%
Westwood – 1%

The following compares the Districts by "Economically Disadvantaged Students":

Bedford – 12%
North Reading – 11%
Groton Dunstable – 10%
Lynnfield – 10%
Westwood – 10%

Budget

The following compares the Districts by "Per Pupil Spending":

District	FY 2022 Per Pupil Spending	Total District Wealth*	Enrollment
Westwood	$21,956	137%	2890
Bedford	$20,546	96%	2539
North Reading	$18,922	103%	2354
Groton Dunstable	$18,668	92%	2351
Lynnfield	$17,761	110%	2354

*Percent wealthier than others in Mass per DESE and as part of Chapter 70 formula

An analysis of per pupil spending from Fiscal Years 2012 through 2021 provided the following findings:

1. Per pupil expenditures by the Groton Dunstable Regional School District was below the median from 2012 through 2021.

2. Per pupil expenditures by the Groton Dunstable Regional School District is in the bottom four until 2018.

3. Level of growth from 2012 to 2021 was necessary just to move the Groton Dunstable Regional School District to the median level of expenditures among the comparable Districts.

The following Chart shows changes in Chapter 70 funding over the last five years:

	Change FY23	Change FY22	Change FY21	Change FY20	Change FY19
Groton Dunstable	1.25%	0.61%	0.00%	0.65%	0.66%
North Reading	1.87%	0.95%	0.00%	0.99%	1.04%
Bedford	3.53%	1.34%	0.00%	14.65%	5.63%
Westwood	4.96%	6.97%	-2.66%	3.11%	4.31%
Lynnfield	6.40%	16.09%	0.00%	-6.87%	1.54%

Groton Dunstable's increase in Chapter 70 Funding has been stagnant historically with their funding being less than the majority of comparable Districts.

Percentage of Budget spent on Central Office Administration and Building Administration:

Lynnfield – 4%
Bedford – 4%
Groton Dunstable – 3%
North Reading – 3%
Westwood – 3%

Percentage of Budget spent on Instructional/Curriculum Administrators:

Westwood – 8%
Groton Dunstable – 8%
Bedford – 6%
Lynnfield – 6%
North Reading – 5%

Percentage of Budget spent on other instructional services:

Westwood – 13%
Groton Dunstable – 10%
Lynnfield – 9%
Bedford – 8%
North Reading – 8%

Percentage of Budget spent on Teachers' Salaries:

Bedford – 44%
North Reading – 42%
Lynnfield – 41%
Westwood – 38%
Groton Dunstable – 37%

Percentage of Budget spent on Benefits:

Groton Dunstable – 21%
North Reading – 18%
Bedford – 15%
Lynnfield – 15%
Westwood – 13%

Percentage of Budget spent on Operations:

Westwood – 11%
Lynnfield – 9%
Groton Dunstable – 8%
North Reading – 8%
Bedford – 6%

Percentage of Budget spent on Guidance Counselors:

Bedford – 5%
Groton Dunstable – 3%
Lynnfield – 3%
North Reading – 3%
Westwood – 3%

Overall, Groton Dunstable spending in key indicators is in line with comparable Districts.

Staffing and Allocation Resources

FTEs Per 100 Students in Major Staffing Categories (excluding Operational Support)

District	Teachers	Paras	Leadership	Student Services	Clerical	Technical
Groton Dunstable	7.8	2.7	1.2	0.6	0.7	0.2
Lynnfield	7.2	2.9	1.3	0.5	0.7	0.1
N. Reading	9	2.6	0.7	0.6	0.7	0.1
Westford	7.9	2.6	0.7	0.6	1.7	0.2
Westwood	8.3	3.5	1.3	0.7	0.9	0.2

1. Ratio of teachers per 100 students for Groton Dunstable is slightly above average for comparable Districts (7.8 vs. 8.12).
2. Ratio of paras per 100 students for Groton Dunstable is lower than comparable communities.
3. Groton Dunstable is average at all other major categories.

Teacher Salary Comparison with Comparable Districts:

Mean Starting Salary:

Lynnfield - $60,340
North Reading - $56,622
Bedford - $55,955
Groton Dunstable - $55,623
Westwood – Not available

Mean Top Teacher Salary

Bedford - $105,832
Groton Dunstable - $101,504
Lynnfield - $101,070
North Reading - $96,197
Westwood – Not available

Superintendent and Assistant Superintendent Salary Comparison with Comparable Districts:

Superintendent

Westwood - $226,281
Bedford - $212,180
Groton Dunstable - $203,861
North Reading – $203,274
Lynnfield - $193,418

Assistant Superintendent

Westwood - $166,416
North Reading - $164,252
Bedford - $163,847
Groton Dunstable - $158,362
Lynnfield - $137,136

Central Office Salary Comparison:

Director of Business	Tech Director	SPED Director
North Reading - $166,172	Westwood – $156,032	Westwood – $166,104
Bedford - $157,013	Bedford - $136,591	Bedford - $147,490
Westwood - $156,150	Lynnfield - $130,000	Groton Dunstable - $145,693
Lynnfield - $149,148	North Reading - $124,362	North Reading – $142,419
Groton Dunstable $139,952	Groton Dunstable - $117,650	Lynnfield - $134,337

Principal Salary Comparison:

High School Principal	Middle School Principal	Elementary Principal
Bedford - $161,467	North Reading - $146,669	Bedford - $157,846
Lynnfield - $158,695	Bedford - $146,260	Westwood - $157,551
North Reading - $155,277	Lynnfield - $144,138	North Reading - $147,090
Westwood - $148,174	Westwood - $140,000	Groton Dunstable - $130,430
Groton Dunstable - $140,000	Groton Dunstable – $126,075	Lynnfield - $127,500

Overall, Groton Dunstable is either average or below average in all major salary areas, with the exception of top step teacher salaries, where they are above the median.

<u>Special Education</u>

Comparison of In District Students with Disabilities:

Westwood – 21%
North Reading – 19%
Bedford – 19%
Lynnfield – 18%
Groton Dunstable – 17%

Comparison of Para-Professional FTEs per 100 Students with IEPs

Lynnfield – 17.4
Groton Dunstable – 16.6
Bedford – 14.9
Westwood – 12.4
North Reading – 9.1

Comparison of Special Education FTEs per 100 Students with IEPs

Bedford – 7.4
North Reading – 7.0
Groton Dunstable – 6.9
Westwood – 4.5
Lynnfield – 3.5

Overall, Groton Dunstable is line with comparable communities when it comes to Special Education Spending.

Academics

The Report, "Groton Dunstable Regional School District by the Numbers" has detailed reporting on MCAS test scores and other related areas. A summary of that Data is as follows:

1. Grade Three performance on MCAS scores is at the median of Comparable Districts.
2. Grade Ten performance on ELA MCAS scores are median to all Comparable Districts with more than half spending more per pupil than the state average.
3. Grade Ten performance on Math MCAS scores are higher than all but one to all Comparable Districts with more than half of those districts spending more per pupil than Groton Dunstable.

Overall Summary

1. Groton Dunstable's expenditures are aligned with the other comparable Districts, falling in the median or lower with the exception of expenditures on benefits.

2. Groton Dunstable's identification and servicing of students with disabilities are aligned with other comparable districts.

3. Groton Dunstable's academic performance is equal to or better than other comparable districts, despite the fact that half of these districts spend more per pupil than Groton Dunstable.

Similar to the Municipal Comparable Study, the Working Group concludes that District Spending is line with comparable districts.

REVENUE PROJECTIONS

The Town of Groton's Revenues are made up of various categories, including:

State Aid
Other Available Funds
Local Receipt
Tax Levy

The Finance Team spent time reviewing past revenue trends in developing a five-year projection. With regard to State Aid*, it is anticipated that the following will be received over the next five years:

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Receipts	1,152,749	1,198,617	1,217,138	1,236,029	1,255,298	1,274,952	1,294,999
Assessments	(95,249)	(98,662)	(98,662)	(98,662)	(98,662)	(98,662)	(98,662)
Offsets	(25,054)	(29,051)	(29,051)	(29,051)	(29,051)	(29,051)	(29,051)
TOTAL Net State Aid	**1,032,446**	**1,070,904**	**1,089,425**	**1,108,316**	**1,127,585**	**1,147,239**	**1,167,286**
Year-to-year percentage change		3.7%	1.7%	1.7%	1.7%	1.7%	1.7%

**While State Aid to the Town of Groton has been stagnant over the last five years and is not expected to improve over the next five years, the situation is even worse for the Groton Dunstable Regional School District. Chapter 70 Aid has not increased at a level that is comparable to Budget Growth, or even the allowable growth in property tax revenue under Proposition 2½. As Chapter 70 Aid has stayed stagnant, local tax revenue has had to cover a larger share of the Operating Assessment each year. This has placed a larger burden on the taxpayers to cover the Operating Assessment.*

Free Cash, the Capital Stabilization Fund, the Groton Dunstable Regional School District Capital Stabilization Fund and Ambulance Receipts makes up the bulk of Other Available Funds. Based on past spending trends and Certified Free Cash, it is anticipated that the following funds will be available to support the Operating Budget over the next five fiscal years:

	FY 2024 Budget	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
From Other Available Funds						
Capital Stabilization	620,142	620,142	620,142	620,142	620,142	620,142
Capital Stabilization for GDRSD	253,407	566,008	580,158	594,662	609,529	624,767
Ambulance Receipts	525,951	350,000	350,000	350,000	350,000	350,000
Free Cash	788,137	364,031	364,031	364,031	364,031	364,031
Total Other Available Funds	2,187,637	1,900,181	1,914,331	1,928,835	1,943,702	1,958,940

Local receipts have traditionally supported eleven (11%) percent of the Town's operating budget. They are an extremely important revenue source and the Town relies heavily on these local receipts to balance the operating budget each year. To determine the five-year projection, the Finance Team looked at the three-year, five-year and ten-year average of receipts. The Department of Revenue recommends a conservative approach in developing these estimates. Any deviation from the average must be justified when setting the tax rate. Based on this, the Finance Team anticipates the following in Local Receipts over the next five years:

BUDGET	FY 2023 Budget	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
1. Motor Vehicle Excise	1,778,290	1,820,583	1,820,583	1,820,583	1,820,583	1,820,583	1,820,583
2a. Meals Excise	200,000	250,000	255,000	260,100	265,302	270,608	276,020
2b. Room Excise	150,000	150,000	150,000	150,000	150,000	150,000	150,000
2c. Other Excise-Boat	-	-	-	-	-	-	-
2d. Cannabis	-	150,000	150,000	150,000	150,000	150,000	150,000
3. Penalties/Interest on Taxes and Excises	110,000	110,000	110,000	110,000	110,000	110,000	110,000
4. Payment In Lieu of Taxes	300,000	371,500	378,930	386,509	394,239	402,124	410,166
9. Other Charges for Services	90,000	99,000	100,980	103,000	105,060	107,161	109,304
10. Fees	385,446	392,000	392,000	392,000	392,000	392,000	392,000
10a. Cannabis Impact Fee	-	-	-	-	-	-	-
11. Rentals	32,000	40,000	40,000	40,000	40,000	40,000	40,000
15. Dept. Revenue-Country Club	605,267	700,000	714,000	728,280	742,846	757,703	772,857
16. Other Departmental Revenue	775,000	800,000	816,000	832,320	848,966	865,945	883,264
17. Licenses/Permits	315,681	429,300	350,000	357,000	364,140	371,423	378,851
19. Fines and Forfeits	10,000	20,000	20,000	20,000	20,000	20,000	20,000
20. Investment Income	50,000	90,000	90,000	90,000	90,000	90,000	90,000
TOTAL Local Receipts-Budget	4,808,620	5,422,383	5,387,493	5,439,792	5,493,136	5,547,547	5,603,045
Percent of Previous Year Actual		*12.8%*	*-0.6%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

The tax levy is the major source of revenue for the Town of Groton and traditionally makes up Seventy-Three (73%) percent of the overall revenues of the Town. Under Proposition 2½, the Town is allowed to increase the tax levy each year by 2½%, plus new growth. Historically, new growth adds, on average, $350,000 to the tax levy each year. Based on this, the tax levy increases anywhere from three (3%) percent to four (4%) percent annually. The following is the anticipated tax levy over the next five years:

LEVY LIMIT	FY 2024 Budget	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Prior Year Tax Levy Limit	35,383,886	36,784,603	38,054,218	39,364,323	40,716,150	42,110,965
Amended Prior Growth	-	-	-	-	-	-
Proposition 2.5% Increase	884,597	919,615	951,355	984,108	1,017,904	1,052,774
New Growth	516,120	350,000	358,750	367,719	376,912	386,335
Override	-		-	-	-	-
SUB-TOTAL Levy Limit	36,784,603	38,054,218	39,364,323	40,716,150	42,110,965	43,550,074

The following chart is a summary of what the Town anticipates receiving in all revenue sources over the next five years:

	FY 2024 Budget	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
PROPERTY TAX LEVY						
Levy Limit	36,784,603	38,054,218	39,364,323	40,716,150	42,110,965	43,550,074
Debt Exclusion - Town	4,326,958	4,403,358	5,738,527	5,779,153	5,707,565	5,483,740
Debt Exclusion - GDRSD	406,982	389,739	53,953	50,324	46,695	46,695
Stabilization Exclusions	-	-	-	-	-	-
TOTAL Maximum Allowed Tax Levy	41,518,543	42,847,315	45,156,803	46,545,627	47,865,225	49,080,509
STATE AID CHERRY SHEET						
Senior Van Income	75,000	82,474	82,474	82,474	82,474	82,474
General Government Aid	1,087,092	1,105,613	1,124,504	1,143,773	1,163,427	1,183,474
Offsets	29,051	29,051	29,051	29,051	29,051	29,051
TOTAL Cherry Sheet	1,191,143	1,217,138	1,236,029	1,255,298	1,274,952	1,294,999
ESTIMATED LOCAL and OFFSET RECEIPTS						
Estimated Receipts	5,422,383	5,387,493	5,439,792	5,493,136	5,547,547	5,603,045
TOTAL Estimated Local and Offset Receipts	5,422,383	5,387,493	5,439,792	5,493,136	5,547,547	5,603,045
AVAILABLE FUNDS/OTHER FINANCING						
Free Cash (B-1)	788,137	364,031	364,031	364,031	364,031	364,031
Other Available Funds (B-2)	1,399,500	1,536,150	1,536,150	1,536,150	1,536,150	1,536,150
TOTAL Available Funds	2,187,637	1,900,181	1,900,181	1,900,181	1,900,181	1,900,181
GRAND TOTAL REVENUES for Town Meeting	50,319,706	51,352,127	53,732,805	55,194,241	56,587,905	57,878,734

EXPENDITURE ASSUMPTIONS

The next area of focus is anticipated expenditures over the next five years. Both the School and Town Administrations reviewed budget trends over the last five years and what is expected over the next five years in developing anticipated expenditures from Fiscal Year 2025 through Fiscal Year 2029.

Groton Dunstable Regional School District

The main areas of focus for Fiscal Year 2025 by the School Administration are Union Negotiations with all of their Unions. All contracts are up for renewal in FY 2025 and the District is assuming increases based on ratified three year agreements in surrounding School Districts. Similarly, the District is assuming increases in salaries for paraprofessionals based on similar agreements as well. While it is impossible to know what the final contracts will settle for in Groton Dunstable (negotiations are just starting), these settled contracts have to be taken into consideration when developing projections. A conservative approach is necessary.

In addition, the School Committee is facing increasing pressure from parents to eliminate the tuition currently being charged for full-day kindergarten. The Groton Dunstable Regional School District is the only District in the area that charges this tuition. The School Committee would like to eliminate this in Fiscal Year 2025 to provide some relief for working parents.

Other areas focused on by the School Administration include:

- Use of the Excess and Deficiency Fund to Balance the Budget – For the last several years, the School Committee has voted to use their Excess and Deficiency Fund (E&D) to balance the budget. While this has helped both the Towns of Groton and Dunstable balance their respective budgets within the limitations of Proposition 2½, it is not a good practice using one-time revenue sources for operational expenses. Eventually, the one-time revenue source will not be able to keep up with spending year over year. It appears that this is coming to fruition in FY 2025. The School District cannot use their E&D Fund in FY 2025 and the School Committee has directed the School Administration to prepare a budget without the use of E&D.

- Anticipated New Positions to Provide Level Services in FY 2025 – There are several positions that are anticipated to be needed in FY 2025 to maintain level services. This includes the following:
  - Maintenance Staff ($62,000)
  - Increase Part-Time Admin Asst to Full-Time at Florence Roche ($13,000)*
  - Five Additional Teaching Positions at Florence Roche ($350,000)*
  - New Counselor at Florence Roche ($85,000)*
  - Potential New Preschool Teacher ($85,000)

**The new positions at Florence Roche are necessary to address bringing over 125 students back from Swallow Union when the new Florence Roche School opens in the Fall of 2024. While there may be a decrease in the student population at Swallow Union, it is important to note that the number of teachers will not be reduced, as Swallow Union will continue to offer the same number of grades and educational programs. The commitment to maintaining the existing teaching staff underscores the District's dedication to providing a high-quality education and ensuring students receive the support and resources they need, regardless of fluctuations in enrollment.*

- Health Insurance – It is anticipated that Health Insurance will increase by ten (10%) percent in FY 2025.
- Utilities – It is anticipated that utilities will increase by 10% in FY 2025 and water for the High School (to address PFAS) will add an additional $100,000 to the Budget.
- Tuitions – Out of District Tuitions are expected to increase by $185,000 in FY 2025.

Based on these assumptions, the Groton Dunstable Regional School District anticipates a 16.11% increase in Groton's operational assessment in FY 2025, or $4,126,235 as follows:

	Total	Groton Portion (77.26%)
Not using E & D Offset	$911,740	$704,410
Adding Kindergarten to GF	$400,000	$309,040
Anticipated New Positions	$595,000	$459,697
Wages & Salaries Increase	$2,296,436	$1,774,226
Health Insurance-Active & Retired	$769,136	$594,234
Utilities	$185,330	$143,186
Tuitions	$183,071	$141,441
Total Operational Increase		**$4,126,235**

Overall, over the next five Fiscal Years 2025 – 2029, the School District expects the following Operational Assessments to the Town of Groton:

	FY 2024 Budget	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Groton Dunstable Operating	25,937,716	30,118,409	32,428,491	34,915,756	37,593,794	40,477,238
Groton Dunstable - Debt - Excluded	406,982	389,739	53,953	50,324	46,695	46,695
Groton Dunstable - Debt -Included	58,814	58,814	58,814	58,814	58,814	58,814
Groton Dunstable - Capital	552,203	566,008	580,158	594,662	609,529	624,767
TOTAL Education	26,955,715	31,132,970	33,121,416	35,619,556	38,308,832	41,207,514

As stated, it is anticipated that the Assessment will increase by 16.11 percent in FY 2025, and then normalize over the next four years with an anticipated annual increase of 7.67%.

Town of Groton

The Finance Team conducted a similar analysis of expenditures over the next five (5) fiscal years (FY 2025 – FY 2029). The following are the areas that were considered:

- Personnel Services
- Country Retirement
- Health Insurance
- Miscellaneous Expenses
- Nashoba Valley Technical Regional High School Assessment

The following chart shows the anticipated expenses over the next five fiscal years:

Assumption	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
Personnel Services - 2.4% Per Year	$ 199,089	$ 203,640	$ 208,296	$ 213,060	$ 217,934
County Retirement - 6.5% Per Year	$ 162,128	$ 172,667	$ 183,890	$ 195,843	$ 208,573
Health Insurance - 9% Per Year	$ 188,151	$ 205,084	$ 223,542	$ 243,661	$ 265,590
Miscellaneous Expenses - 1% Per Year	$ 36,405	$ 36,830	$ 37,257	$ 37,691	$ 38,132
Increase Based on Assumptions	**$ 585,773**	**$ 618,221**	**$ 652,985**	**$ 690,255**	**$ 730,229**
Overall Anticipated Municipal Budget (Not including Debt Service)	**$ 17,392,453**	**$ 18,010,674**	**$ 18,663,659**	**$ 19,353,914**	**$ 20,084,143**
Percent Increase in the Municipal Budget	**3.49%**	**3.55%**	**3.63%**	**3.70%**	**3.77%**
Anticipated Nashoba Tech Assessment Increase	**$ 240,000**	**$ 25,066**	**$ 25,693**	**$ 26,335**	**$ 26,994**

With regard to Nashoba Tech, the Town has been informed that an additional 12 students will be entering the School in FY 2025, causing a significant increase in the Assessment. The projection is calling for a normal 2.5% increase over the following four fiscal years.

FIVE YEAR FINANCIAL PLAN

Without a significant increase in revenues, based on anticipated revenues and expenditures, the Town of Groton is facing a major budget deficit in Fiscal Year 2025. This will only get worse in subsequent years. The following Chart shows a summary of the Projected Revenues and Expenditures over the next five years:

General Fund Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax Levy	41,517,388	42,847,315	45,156,803	46,545,627	47,865,225	49,080,509
State Aid Cherry Sheet	1,191,143	1,217,138	1,236,029	1,255,298	1,274,952	1,294,999
Estimated Local Receipts	5,422,383	5,387,493	5,439,792	5,493,136	5,547,547	5,603,045
Available Funds/Other Financing Sourc	2,187,637	1,900,181	1,900,181	1,900,181	1,900,181	1,900,181
Enterprise (for Indirects)	336,486	343,216	350,080	357,082	364,224	371,508
Total General Fund Revenues	50,655,037	51,695,343	54,082,885	55,551,323	56,952,129	58,250,242
Total Revenue Percentage Change		2.1%	4.6%	2.7%	2.5%	2.3%
General Fund Expenditures						
General Government	2,388,159	2,433,262	2,479,346	2,526,434	2,574,551	2,623,720
Land Use	493,137	503,677	514,462	525,499	536,793	548,351
Public Safety	4,742,597	4,832,733	4,924,625	5,018,307	5,113,814	5,211,183
Regional Schools	27,718,371	32,135,626	34,149,138	36,672,971	39,388,582	42,314,258
Department of Public Works	2,351,495	2,395,137	2,439,719	2,485,263	2,531,791	2,579,326
Library and Citizen Services	1,947,870	1,989,027	2,031,138	2,074,226	2,118,314	2,163,426
Employee Benefits	4,930,663	5,286,755	5,670,437	6,083,919	6,529,595	7,010,056
Debt Service	4,801,562	4,959,346	6,195,591	6,184,217	6,105,629	5,769,428
Total Town Budget	49,373,854	54,535,563	58,404,456	61,570,836	64,899,069	68,219,748
State Assessments	95,249	98,662	98,662	98,662	98,662	98,662
Other Amounts Raised	982,606	979,193	979,193	979,193	979,193	979,193
Total General Fund Expenditures	50,451,709	55,613,418	59,482,311	62,648,691	65,976,924	69,297,603
General Fund Surplus/(Shortfall)	**203,328**	**(3,918,075)**	**(5,399,426)**	**(7,097,368)**	**(9,024,795)**	**(11,047,361)**
Total Expenditures Percentage Change		10.2%	7.0%	5.3%	5.3%	5.0%

To address this projected deficit, the Working Group has identified three potential options for the Town and School District to consider as follows:

1. Reduce the Anticipated Fiscal Year 2025 Proposed Budget by $3,918,075

The Select Board, Finance Committee and Groton Dunstable Regional School District Committee have agreed in the past to share in any budget deficit by the District absorbing 60% of the deficit and the Town absorbing 40%. This would mean that the School District would be responsible for $2,350,845 and the Town of Groton would be responsible for $1,567,230. The reduction required by the School District would actually be between $3.0 and $3.4 million due to the fact that they would have to reduce the Town of Dunstable's Assessment by the corresponding amount to address the percentage share between Groton and Dunstable. It cannot be overstated just how devasting reductions in the budget of this magnitude would be for both the School District and the Town of Groton. In addition, these reductions would continue in subsequent fiscal years, and based on revenue projections, without new revenues additional reductions would be required in Fiscal Year 2026 and beyond.

Potential Reductions By the School District

The School Superintendent has identified various areas where cuts would need to be made to accommodate a reduction in the FY 2025 Budget of between $3.0 and $3.4 million. They would focus on two areas to make such reductions, Non-Core Classes and Class Size. Specifically, they would consider the following:

Focus on Reductions in Non-Core Classes (Option A)

- Eliminate non-core classes/staff at elementary, middle & high school
- Eliminate non-core administrators & secretarial
- Reduce social emotional support personnel to minimum
- Retain all interventionists

Focus on Increase in Class Sizes

- Eliminate non-core administrators & administrative support
- Reduce social emotional support personnel to minimum.
- Retain non-core programs
- Retain all interventionists
- Increase class sizes

The Educational Impacts of focusing on Non-Core Classes would be as follows:

Option A

- No curricular coordination K - 12.
- No "whole child" education.
- Degradation in record keeping and parent interaction at all schools
- No support for discipline issues at all schools
- Limited Social Emotional Learning supports
- No sports
- No full day Kindergarten

The Educational Impacts of focusing on Class Size would be as follows:

Option B

- Retain music & art, but no library course.
- Significant increase in class sizes K - 12.
- Degradation in records/parent interactions with schools
- No support for discipline issues at all schools
- No Sports
- No full day Kindergarten
- No K -12 curriculum coordination

Neither of these options are in the best interest of our students. The Superintendent has prepared a specific list of reductions, but at this point, it would be premature to release them. The Working Group does not want this to be considered a threat, but a reality. The quality of education and school experience for Groton's children would be eviscerated by a cut of this magnitude.

Potential Reductions by the Town of Groton

A reduction of $1,567,230 would equate to a reduction of nine (9%) percent of the anticipated Operating Budget ($17,392,453). One expenditure that cannot be reduced is the Middlesex County Assessment, or $2,656,408 as the Town is required to pay this Assessment. That would mean the revised Operating Budget subject to reduction is $14,736,045. A reduction of $1.5 million from this anticipated budget is eleven (11%) percent. To meet this reduction, the Town Manager would propose across the board reductions of 11% in all budgets. The following would be the amounts reduced from the various Municipal Categories:

Category	FY 2025 Proposed	Amount Reduced
General Government	$ 2,433,262	$ 257,926
Land Use	$ 503,677	$ 53,390
Public Safety	$ 4,832,733	$ 512,270
DPW	$ 2,395,137	$ 253,885
Library/Citizen Services	$ 1,989,027	$ 210,837
Employee Benefits (Less Pension)	$ 2,630,347	$ 278,817
Total Reduction		**$ 1,567,123**

Reductions of this magnitude would lead to the following reduction in services provided by the Municipal Government:

- Elimination of most administrative support to the various Departments and Committees.
- Significant reduction in Town Hall hours of operation – limited access by the public.
- Elimination of Police Officers and Firefighters reducing number of officers per shift, slowing responses to emergencies and increasing response times for fire and medical emergencies. In addition, the Town would be subject to either a significant increase in overtime, or unfair labor practice charges for violating minimum manning standards in the Police Union Contract.
- Elimination of DPW workers would lead to a reduction in hours of operation of the transfer station, delaying maintenance of roads and fields and snow removal operations in the winter.
- Significant reduction in hours of operation and programs offered at the Groton Public Library and Council on Aging as those two departments would have to absorb the entirety of the reduction in spending (Country Club would not be impacted by this reduction as they cover their expenses through Greens Fees, Pool and Camp revenues). In addition, the Town would lose $30,000 in direct State Aid for the Library as the Town would no longer meet the Municipal Appropriation Requirement for Libraries.
- The Town would need to consider further reductions or use Free Cash to cover unemployment expenses for the number of layoffs required. This would have a negative impact on the Town's capital budget as it relies on Free Cash to fund the Capital Budget.

An eleven (11%) percent reduction in Municipal Spending would significantly reduce the level of services currently offered to our residents and make town services reactionary at longer response times instead of pro-active as they are currently offered. Please note that moving forward each year, additional cuts would need to be added if there is an ongoing expectation to match spending to anticipated revenues for the School District and the Town of Groton.

2. Seek an Override of $3,918,075 to Eliminate the Projected Fiscal Year 2025 Deficit

An override of $3,918,075 would provide the needed revenues to eliminate the deficit in Fiscal Year 2025. This would allow the Groton Dunstable Regional School District and the Municipal Operation of the Town of Groton to maintain services in FY 2025 and further study potential additional revenue sources in Fiscal Year 2026 and beyond. While this is a short-term fix to the Town's budgetary issues in Fiscal Year 2025, it does not solve the problems identified in this Report. It only delays it by one year. Should revenues not

improve in Fiscal Year 2026, the reduction in services identified in this report or another potential override in Fiscal Year 2026 would need to be considered.

The following Chart shows how a one-year override would impact the Budget:

General Fund Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax Levy	41,517,388	46,765,390	49,172,830	50,662,055	52,084,563	53,405,331
State Aid Cherry Sheet	1,191,143	1,217,138	1,236,029	1,255,298	1,274,952	1,294,999
Estimated Local Receipts	5,422,383	5,387,493	5,439,792	5,493,136	5,547,547	5,603,045
Available Funds/Other Financing Source	2,187,637	1,900,181	1,900,181	1,900,181	1,900,181	1,900,181
Enterprise (for Indirects)	336,486	343,216	350,080	357,082	364,224	371,508
Total General Fund Revenues	50,655,037	55,613,418	58,098,912	59,667,751	61,171,467	62,575,064
Total Revenue Percentage Change		9.8%	4.5%	2.7%	2.5%	2.3%
General Fund Expenditures						
General Government	2,388,159	2,433,262	2,479,346	2,526,434	2,574,551	2,623,720
Land Use	493,137	503,677	514,462	525,499	536,793	548,351
Public Safety	4,742,597	4,832,733	4,924,625	5,018,307	5,113,814	5,211,183
Regional Schools	27,718,371	32,135,626	34,149,138	36,672,971	39,388,582	42,314,258
Department of Public Works	2,351,495	2,395,137	2,439,719	2,485,263	2,531,791	2,579,326
Library and Citizen Services	1,947,870	1,989,027	2,031,138	2,074,226	2,118,314	2,163,426
Employee Benefits	4,930,663	5,286,755	5,670,437	6,083,919	6,529,595	7,010,056
Debt Service	4,801,562	4,959,346	6,195,591	6,184,217	6,105,629	5,769,428
Total Town Budget	49,373,854	54,535,563	58,404,456	61,570,836	64,899,069	68,219,748
State Assessments	95,249	98,662	98,662	98,662	98,662	98,662
Other Amounts Raised	982,606	979,193	979,193	979,193	979,193	979,193
Total General Fund Expenditures	50,451,709	55,613,418	59,482,311	62,648,691	65,976,924	69,297,603
General Fund Surplus/(Shortfall)	**203,328**	**(0)**	**(1,383,399)**	**(2,980,940)**	**(4,805,457)**	**(6,722,539)**
Total Expenditures Percentage Change		10.2%	7.0%	5.3%	5.3%	5.0%

An override of $3,918,075 would add $1.54 to the Tax Rate (based on FY 2023 values) and cost the average taxpayer (a home valued at $633,985) an additional $976.34 in FY 2025.

3. Seek an Override of Proposition 2½ to Eliminate Projected Five-Year Budget Deficit

To eliminate the Town of Groton's deficit and keep the Town at level services over the next five years, another option would be to seek a multi-year override to provide the needed revenues to support both the Groton Dunstable Regional School District and the Municipal Operation of the Town of Groton. Many municipalities have utilized the multi-year approach to ensure services are provided and needs are met over a longer period of time. This would eliminate the need to seek additional revenues every year. To eliminate the anticipated five-year deficit, the Town would need an override of $10,425,000. This override permission would be requested all at once with an expectation that the funds would be expended over time. This spreads the tax impact of this override over several years. This override would, at a minimum,

support the budget over at least the next five years, but in all likelihood, last between five and eight years, depending on increases in state aid and local receipts and further consolidation and reductions in spending. This Override avoids presenting override requests to taxpayers multiple times, which results in budgetary uncertainty and continual fiscal crises.

The following Chart shows how the override would impact the Budget:

General Fund Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax Levy	41,517,388	53,272,315	55,842,428	57,498,393	59,091,810	60,587,759
State Aid Cherry Sheet	1,191,143	1,217,138	1,236,029	1,255,298	1,274,952	1,294,999
Estimated Local Receipts	5,422,383	5,387,493	5,439,792	5,493,136	5,547,547	5,603,045
Available Funds/Other Financing Sourc	2,187,637	1,900,181	1,900,181	1,900,181	1,900,181	1,900,181
Enterprise (for Indirects)	336,486	343,216	350,080	357,082	364,224	371,508
Total General Fund Revenues	50,655,037	62,120,343	64,768,510	66,504,089	68,178,714	69,757,492
Total Revenue Percentage Change		22.6%	4.3%	2.7%	2.5%	2.3%
General Fund Expenditures						
General Government	2,388,159	2,433,262	2,479,346	2,526,434	2,574,551	2,623,720
Land Use	493,137	503,677	514,462	525,499	536,793	548,351
Public Safety	4,742,597	4,832,733	4,924,625	5,018,307	5,113,814	5,211,183
Regional Schools	27,718,371	32,135,626	34,149,138	36,672,971	39,388,582	42,314,258
Department of Public Works	2,351,495	2,395,137	2,439,719	2,485,263	2,531,791	2,579,326
Library and Citizen Services	1,947,870	1,989,027	2,031,138	2,074,226	2,118,314	2,163,426
Employee Benefits	4,930,663	5,286,755	5,670,437	6,083,919	6,529,595	7,010,056
Debt Service	4,801,562	4,959,346	6,195,591	6,184,217	6,105,629	5,769,428
Total Town Budget	49,373,854	54,535,563	58,404,456	61,570,836	64,899,069	68,219,748
State Assessments	95,249	98,662	98,662	98,662	98,662	98,662
Other Amounts Raised	982,606	979,193	979,193	979,193	979,193	979,193
Total General Fund Expenditures	50,451,709	55,613,418	59,482,311	62,648,691	65,976,924	69,297,603
General Fund Surplus/(Shortfall)	**203,328**	**6,506,925**	**5,286,199**	**3,855,398**	**2,201,790**	**459,889**
Total Expenditures Percentage Change		10.2%	7.0%	5.3%	5.3%	5.0%

As you can see from the above Chart, the Town would have significant excess levy capacity each year to support the following fiscal year's budget. **Appendix A** of this Report shows what the average taxpayer can expect when taking into consideration the Debt Service on the Florence Roche Elementary School Construction project (based on FY 2023 values). **Appendix B** shows a comparison of the anticipated tax rate and average tax Bills between no operational override vs. five-year override.

CONCLUSION

The Town Manager's Tri-Comm Working Group offers this Report as a comprehensive look at both the Town of Groton's and the Groton Dunstable Regional School District's operation and budgetary needs over the next five years. The Working Group believes that the operation of both entities is in line with comparable Communities and School Districts. This is a testament to the leadership of the Select Board, Finance Committee, Regional School Committee, Municipal Administration, and the School Administration. It is also important to point out the strong support of the Taxpayers and Residents of Groton who have consistently supported the Municipal and School Operations over the years. Given the challenges the Town and School District are facing over the next five years, that support is more important than ever.

The Town Manager's Tri-Comm Working Group looks forward to discussing this report and potential options to address the Fiscal Year 2025 Budget in more detail with the Select Board, Finance Committee and Regional School District Committee in the coming weeks as the Town prepares for the development of the Fiscal Year 2025 Operating Budget.

Thank you for the opportunity to provide this Report.

Respectfully Submitted,

Town Manger's Tri-Comm Working Group

Mark Haddad – Groton Town Manager
Patricia DuFresne – Groton Assistant Finance Director/Town Accountant
Dr. Laura Chesson – Groton Dunstable Regional School District Superintendent
Sherry Kersey – Groton Dunstable Regional School District Director of Business
Alison Manugian – Member, Groton Select Board
Matthew Pisani – Member, Groton Select Board
Bud Robertson – Member, Groton Finance Committee
Mary Linskey – Member, Groton Finance Committee
Fay Raynor – Member, Groton Dunstable Regional School District Committee
Brian LeBlanc – Member, Groton Dunstable Regional School District Committee
Rosanna Casavecchia – Member, Groton Dunstable Regional School District Committee
Hannah Moller – Treasurer/Tax Collector
Megan Foster – Principal Assessor
Dawn Dunbar – Town Clerk
Melisa Doig – Human Resources Director
Kara Cruikshank – Executive Assistant

APPENDIX A

Fiscal Year	Levy for Operating	Levy Excluded Debt	Total Tax Levy	Tax Levy Needed	Excess Levy Capacity	Operating Anticipated Tax Rate	Anticipated Operating Average Tax Bill	Operating Tax Bill Increase	Excluded Debt Anticipated Tax Rate	Anticipated Debt Average Tax Bill	Excluded Debt Tax Bill Increase	Total Anticipated Tax Rate	Anticipated Average Tax Bill	Total Tax Bill Increase
2024	$ 36,784,603	$ 4,732,786	$ 41,517,389	$ 41,314,060	$ 203,329	$ 14.42	$ 9,142		$ 1.87	$ 1,186		$ 16.29	$ 10,328	
2025	$ 41,972,293	$ 4,793,097	$ 53,272,315	$ 46,765,390	$ 6,506,925	$ 16.54	$ 10,486	$ 1,344	$ 1.89	$ 1,198	$ 13	$ 18.43	$ 11,684	$ 1,357
2026	$ 44,763,749	$ 5,792,480	$ 55,842,428	$ 50,556,229	$ 5,286,199	$ 17.65	$ 11,190	$ 704	$ 2.28	$ 1,445	$ 247	$ 19.93	$ 12,635	$ 951
2027	$ 47,813,518	$ 5,829,477	$ 57,498,393	$ 53,642,995	$ 3,855,398	$ 18.85	$ 11,951	$ 761	$ 2.30	$ 1,458	$ 13	$ 21.15	$ 13,409	$ 773
2028	$ 51,135,760	$ 5,754,260	$ 59,091,810	$ 56,890,020	$ 2,201,790	$ 20.16	$ 12,781	$ 831	$ 2.27	$ 1,439	$ (19)	$ 22.43	$ 14,220	$ 812
2029	$ 54,597,435	$ 5,530,435	$ 60,587,759	$ 60,127,870	$ 459,889	$ 21.52	$ 13,643	$ 862	$ 2.18	$ 1,382	$ (57)	$ 23.70	$ 15,025	$ 805

- Based on a Five-Year Override in the total amount of $10,425,000
- Based on FY 2023 Property Values
- Based on Home Valued at $633,985

APPENDIX B

Comparison of Tax Rate and Average Tax Bills
No Operational Override vs. Five Year Override

	NO OVERRIDE			OVERRIDE			
Fiscal Year	Tax Rate	Average Tax Bill	Increase Per Year	Tax Rate	Average Tax Bill	Increase Per Year	Override Cost
2024	$ 14.42	$ 9,142		$ 14.42	$ 9,142		$ -
2025	$ 15.00	$ 9,509	$ 368	$ 16.54	$ 10,486	$ 1,344	$ 976
2026	$ 15.52	$ 9,839	$ 330	$ 17.65	$ 11,189	$ 704	$ 374
2027	$ 16.05	$ 10,175	$ 336	$ 18.85	$ 11,950	$ 761	$ 425
2028	$ 16.60	$ 10,524	$ 349	$ 20.16	$ 12,780	$ 830	$ 482
2029	$ 17.17	$ 10,885	$ 361	$ 21.52	$ 13,643	$ 862	$ 501
Total Increase		**$ 1,743**			**$ 4,501**		

Over five years, the average tax bill with an override will increase by $2,758 or an average of $551.60 per year.