



Fiscal Year 2017

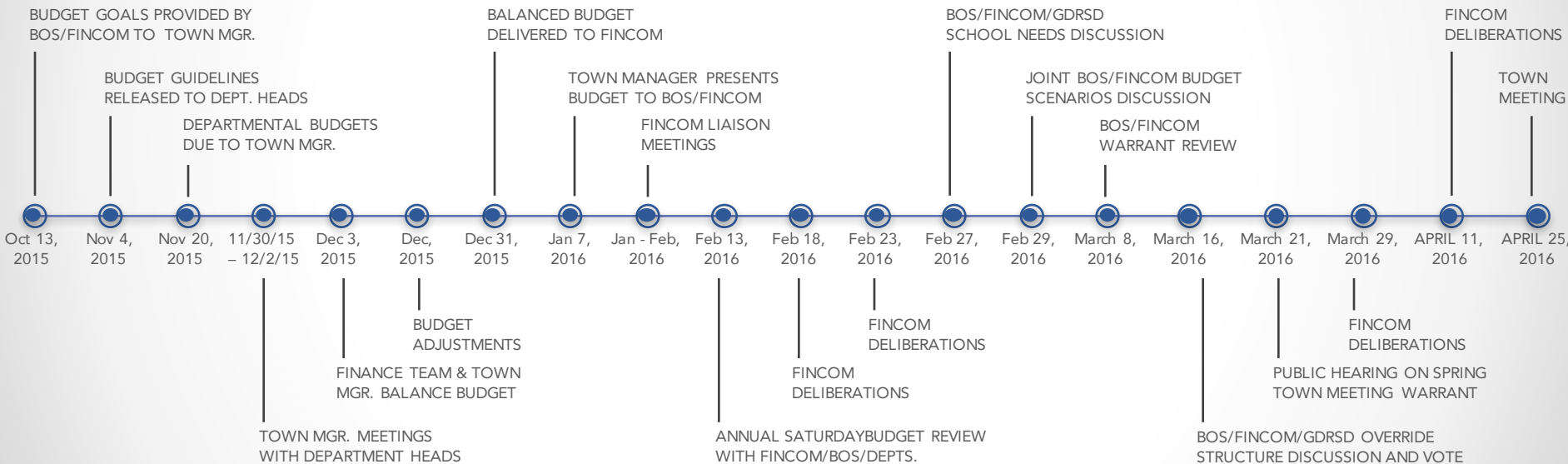
Town Meeting Budget Presentation  
Gary Green - Finance Committee Chairman



- Budget Timeline
- Budgetary Goals
- Expenditures
- Revenues
- 2017 Tax Rate Calculation
- Looking Forward
- Proposed 2017 Town Meeting Budget Process



# Town of Groton Budget Timeline





# GROTON

## Massachusetts

### **General Budgetary Goals**

Ensure town's sound financial condition: Cash, Budgetary, Long-Term, and Service Level Solvency, Public Confidence  
Maintain flexibility to respond to changes in economic conditions or required services  
Ongoing costs funded by ongoing revenue  
Avoid balancing current expenditures at expense of meeting future needs  
Debt: Do not bond projects that can be funded by Capital Stabilization Fund  
Debt: Maintain debt service of 3% to 5% of the town's current annual budget

### **Operating Budget Goals**

***In FY2017, municipal spending should grow by 2.2% or less over 2016 Municipal Budget levels***

Maintain Stabilization Fund balance of at least 5% of current annual budget  
Maintain Capital Stabilization Fund balance of at least 1.5% of current annual budget  
Maintain Reserve Fund equal to ~1% of general fund appropriations  
Fund OPEB Trust Fund with amount equal to current liabilities with all funds used to pay current liabilities  
Town enterprises fund required contributions via their rate structures

### **Other Budget Goals**

Conservation Fund balance of at least 2% of current annual budget  
Community Preservation Funds used to guarantee payment of current debt prior to approving new projects  
Community Preservation Funds used for payment of debt shall be no more than 75% of CPA receipts  
Do not use reimbursable and/or matching grants totaling more than 1.5% of current annual budget  
Special (Gifts, Grants, and Trusts) and Enterprise funds managed to assure fund solvency





## FY17 Budget Process

Proposed Budget submitted by Town Manager on 12/31/15 (as required by Town Charter)

Included \$14,837,352 in municipal spending (an increase of \$319,827 or 2.2% over FY16)

Three additional scenarios explored (all excluding debt):

- Carry-over
- 2.2% growth
- 0% growth budget

Finance Committee adjusted budget down to \$14,623,687 (increase of .7% over FY16)



# GROTON



<i><b>Expenditures</b></i>	<b>FY 2015</b> <i>(Actuals)</i>	<b>FY 2016</b> <i>(Appropriated)</i>	<b>Inc/(Dec) %</b> <i>2015-2016</i>	<b>FY 2017</b> <i>(Proposed)</i>	<b>Inc/(Dec) \$</b> <i>2016-2017</i>	<b>Inc/(Dec) %</b> <i>2016-2017</i>
General Government	\$1,791,130	\$1,939,434	8.3%	\$1,901,549	\$(37,885)	(2.0%)
Land Use Departments	\$407,038	\$422,912	3.9%	\$425,575	\$2,663	0.6%
Protection of Persons and Property	\$3,341,010	\$3,621,983	8.4%	\$3,669,831	\$47,848	1.3%
Department of Public Works	\$2,042,784	\$2,102,507	2.9%	\$2,142,673	\$40,166	1.9%
Library and Citizen Services	\$1,633,141	\$1,539,710	(5.7%)	\$1,583,834	\$44,124	2.9%
Debt	\$1,418,721	\$1,383,590	(2.5%)	\$1,282,713	\$(100,877)	(7.3%)
Employee Benefits	\$3,171,724	\$3,507,389	10.6%	\$3,617,512	\$110,123	3.1%
<b>Sub-Total (Without Debt)</b>	<b>\$12,386,827</b>	<b>\$13,133,935</b>	<b>6.0%</b>	<b>\$13,340,974</b>	<b>\$207,039</b>	<b>1.6%</b>
<b>Sub-Total Municipal</b>	<b>\$13,805,548</b>	<b>\$14,517,525</b>	<b>5.2%</b>	<b>\$14,623,687</b>	<b>\$106,162</b>	<b>0.7%</b>
GDRSD	\$16,521,807	\$17,097,405	3.5%	\$20,160,143	\$3,062,738	17.9%
GDRSD Debt	\$1,234,216	\$1,168,791	(5.3%)	\$1,143,574	\$(25,217)	(2.2%)
NVTHS	\$572,775	\$596,609	4.2%	\$570,080	\$(26,529)	(4.4%)
<b>Sub-Total School</b>	<b>\$18,328,798</b>	<b>\$18,862,805</b>	<b>2.9%</b>	<b>\$21,873,797</b>	<b>\$3,010,992</b>	<b>16.0%</b>
<b>Total Municipal Operating Budget</b>	<b>\$32,134,346</b>	<b>\$33,380,330</b>	<b>3.9%</b>	<b>\$36,497,484</b>	<b>\$3,117,154</b>	<b>9.3%</b>
<b>Additional Appropriations</b>						
Capital Budget Request	\$635,190	\$404,145	(36.4%)	\$426,980	\$22,835	5.7%
Enterprise Funds	\$1,924,762	\$2,125,157	10.4%	\$1,953,906	\$(171,251)	(8.1%)
Other	\$555,027	\$455,132	(18%)	\$446,000	\$(9,132)	(2.0%)
<b>Sub-Total Additional Appropriations</b>	<b>\$3,114,979</b>	<b>\$2,984,434</b>	<b>(4.2%)</b>	<b>\$2,826,886</b>	<b>\$(157,548)</b>	<b>(5.3%)</b>
<b>Grand Total Appropriations</b>	<b>\$35,249,325</b>	<b>\$36,364,764</b>	<b>3.2%</b>	<b>\$39,324,370</b>	<b>\$2,959,606</b>	<b>8.1%</b>



EXPENDITURES BY MAJOR CATEGORIES	Appropriated FY 2016	Proposed FY 2017	Dollar Increase	Percentage Increase
Municipal Wages	\$6,820,119	\$6,993,035	\$172,916	2.54%
Employee Benefits	\$3,507,389	\$3,617,512	\$110,123	3.14%
<b>Sub - Total</b>	<b>\$10,327,508</b>	<b>\$10,610,547</b>	<b>\$283,039</b>	<b>2.74%</b>
Other	\$2,806,427	\$2,730,427	\$(76,000)	-2.71%
<b>Sub - Total</b>	<b>\$13,133,935</b>	<b>\$13,340,974</b>	<b>\$207,039</b>	<b>1.58%</b>
Debt Service	\$1,383,590	\$1,282,713	\$(100,877)	-7.29%
<b>Total Municipal</b>	<b>\$14,517,525</b>	<b>\$14,623,687</b>	<b>\$106,162</b>	<b>0.73%</b>
Regional Schools	\$18,862,805	\$21,873,797	\$3,010,992	15.96%
<b>Grand Total</b>	<b>\$33,380,330</b>	<b>\$36,497,484</b>	<b>\$3,117,154</b>	<b>9.34%</b>



<i><b>Revenues</b></i>	<b>FY 2015</b> <i>(Actuals)</i>	<b>FY 2016</b> <i>(Appropriated)</i>	<b>Inc/(Dec) %</b> <i>2015-2016</i>	<b>FY 2017</b> <i>(Proposed)</i>	<b>Inc/(Dec) \$</b> <i>2016-2017</i>	<b>Inc/(Dec) %</b> <i>2016-2017</i>
Property Tax	\$26,002,556	\$27,029,638	3.9%	\$29,924,385	\$2,894,747	10.7%
State Aid	\$828,915	\$856,513	3.3%	\$863,722	\$7,209	0.8%
Local Receipts	\$3,564,000	\$3,644,255	2.3%	\$3,697,950	\$53,695	1.5%
Free Cash	\$150,000	\$81,500	(45.7%)	\$-	\$(81,500)	(100.0%)
Other Available Funds	\$455,000	\$200,000	(56.0%)	\$225,000	\$25,000	12.5%
<b>Sub-Total Revenues</b>	<b>\$31,000,471</b>	<b>\$31,811,906</b>	<b>2.6%</b>	<b>\$34,711,057</b>	<b>\$2,899,151</b>	<b>9.1%</b>
Unexpended Tax Capacity	\$(464,488)	\$(251,794)	(45.8%)		\$251,794	(100.0%)
<b>Sub-Total Revenues</b>	<b>\$30,535,983</b>	<b>\$31,560,112</b>	<b>3.4%</b>	<b>\$34,711,057</b>	<b>\$3,150,945</b>	<b>10.0%</b>
Excluded Debt	\$2,433,390	\$2,275,350	(6.5%)	\$2,232,427	\$(42,923)	(1.9%)
Stabilization Fund	\$-	\$-		\$-	\$-	0.0%
Capital Stabilization Fund	\$355,190	\$404,145	13.8%	\$426,980	\$22,835	5.7%
Enterprise Funds	\$1,924,762	\$2,125,157	10.4%	\$1,953,906	\$(171,251)	8.1%
<b>Total Available Revenues</b>	<b>\$35,249,325</b>	<b>\$36,364,764</b>	<b>3.2%</b>	<b>\$39,324,370</b>	<b>\$2,959,606</b>	<b>8.1%</b>





	<b>Actual</b>	<b>Proposed</b>	<b>Dollar</b>	<b>Percent</b>
	<b>FY 2016</b>	<b>FY 2017</b>	<b>Change</b>	<b>Change</b>
Levy Capacity Used	\$26,777,844	\$28,024,639*	\$1,246,795	4.66%
Tax Rate on Levy Capacity Used	\$17.31	\$17.92	\$0.61	3.52%
Average Tax Bill	\$6,924	\$7,168	\$244	3.52%
Override of Proposition 2½		\$1,899,746	\$1,899,746	100.00%
Tax Rate on Override		\$1.21	\$1.21	100.00%
Average Tax Bill		\$484	\$484	100.00%
Excluded Debt	\$2,275,350	\$2,232,427	\$(42,923)	-1.89%
Tax Rate on Excluded Debt	\$1.47	\$1.43	\$(0.04)	-2.72%
Average Tax Bill	\$588	\$572	\$(16)	-2.72%
Final Levy Used	\$29,053,194	\$32,156,812	\$3,103,618	10.68%
Final Tax Rate	\$18.78	\$20.56	\$1.78	9.48%
Average Tax Bill	\$7,512	\$8,224	\$712	9.48%

\*Includes anticipated new growth of \$17 million.



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## Massachusetts

### Five Year Budget Forecast

	FY 2017	FY 2018	Percent Increase	FY 2019	Percent Increase	FY 2020	Percent Increase	FY 2021	Percent Increase	FY 2022	Percent Increase
<b>Expenditures</b>											
Municipal Wages	\$6,993,035	\$7,153,875	2.30%	\$7,296,952	2.00%	\$7,442,891	2.00%	\$7,591,749	2.00%	\$7,743,584	2.00%
Employee Benefits	\$3,617,512	\$3,919,338	8.34%	\$4,212,297	7.47%	\$4,338,154	2.99%	\$4,613,913	6.36%	\$4,930,753	6.87%
Municipal Expenses	\$2,730,427	\$2,757,731	1.00%	\$2,785,309	1.00%	\$2,813,162	1.00%	\$2,841,293	1.00%	\$2,869,706	1.00%
Debt Service - In Levy Capacity Only	\$134,505	\$97,383	-27.60%	\$99,180	1.85%	\$333,213	235.97%	\$330,631	-0.77%	\$324,971	-1.71%
<b>Sub-Total of Municipal Budget</b>	<b>\$13,475,479</b>	<b>\$13,928,327</b>	<b>3.36%</b>	<b>\$14,393,738</b>	<b>3.34%</b>	<b>\$14,927,420</b>	<b>3.71%</b>	<b>\$15,377,586</b>	<b>3.02%</b>	<b>\$15,869,015</b>	<b>3.20%</b>
Groton Dunstable Regional School	\$20,160,143	\$21,107,670	4.70%	\$22,099,730	4.70%	\$23,138,418	4.70%	\$24,225,923	4.70%	\$25,364,542	4.70%
Middle School Roof Debt Service	\$57,103	\$55,896	-2.11%	\$55,896	0.00%	\$55,896	0.00%	\$55,896	0.00%	\$55,896	0.00%
Nashoba Regional Technical High School	\$570,080	\$587,182	3.00%	\$604,798	3.00%	\$622,942	3.00%	\$641,630	3.00%	\$660,879	3.00%
<b>Sub-Total of Schools Assessments</b>	<b>\$20,787,326</b>	<b>\$21,750,748</b>	<b>4.63%</b>	<b>\$22,760,424</b>	<b>4.64%</b>	<b>\$23,817,255</b>	<b>4.64%</b>	<b>\$24,923,449</b>	<b>4.64%</b>	<b>\$26,081,316</b>	<b>4.65%</b>
<b>Total Operating Expenses</b>	<b>\$34,262,805</b>	<b>\$35,679,075</b>	<b>4.13%</b>	<b>\$37,154,162</b>	<b>4.13%</b>	<b>\$38,744,676</b>	<b>4.28%</b>	<b>\$40,301,035</b>	<b>4.02%</b>	<b>\$41,950,331</b>	<b>4.09%</b>
<b>Sub-Total of Additional Appropriations</b>	<b>\$875,232</b>	<b>\$1,640,542</b>	<b>87.44%</b>	<b>\$1,502,056</b>	<b>-8.44%</b>	<b>\$1,520,459</b>	<b>1.23%</b>	<b>\$1,529,596</b>	<b>0.60%</b>	<b>\$1,540,834</b>	<b>0.73%</b>
<b>Grand Total Appropriations</b>	<b>\$35,138,037</b>	<b>\$37,319,617</b>	<b>6.21%</b>	<b>\$38,656,217</b>	<b>3.58%</b>	<b>\$40,265,135</b>	<b>4.16%</b>	<b>\$41,830,632</b>	<b>3.89%</b>	<b>\$43,491,165</b>	<b>3.97%</b>
<b>Grand Total Revenus</b>	<b>\$35,138,037</b>	<b>\$36,827,452</b>	<b>4.81%</b>	<b>\$37,799,046</b>	<b>2.64%</b>	<b>\$38,967,420</b>	<b>3.09%</b>	<b>\$40,143,157</b>	<b>3.02%</b>	<b>\$41,350,142</b>	<b>3.01%</b>
<b>Surplus/(Deficit)</b>	<b>\$ (0)</b>	<b>\$ (492,164)</b>		<b>\$ (857,171)</b>		<b>\$ (1,297,715)</b>		<b>\$ (1,687,475)</b>		<b>\$ (2,141,023)</b>	<b>10</b>



## 5 Year Forecast Observations

Municipal operating budget forecasted to grow ~3.2% per year

GDRSD assessment forecasted to grow 4.7% per year

~3.5% is achievable within the Levy Limit

At growth levels above 3.5%, we need:

- Additional revenues
- Reduced spending
- Future overrides



	Sources of Municipal Budget Growth	
FY2010	Added new Police officer position	\$70,000
FY2011	Added full time IT Director position	\$76,870
FY2012	Country Club becomes Town Dept.	
FY2013	Added Police Sergeant position, backfilled Patrolman Added fulltime Firefighter position Added part-time Desktop IT Specialist position	\$62,037 \$45,956 \$17,207
FY2014	Library joined MVLC Added Police Dispatcher position Added Web Developer, upgraded IT Specialist to fulltime	\$24,222 \$43,242 \$65,000
FY2015	Addressed recurring deficiencies in Public Safety budget	\$80,000
FY2016	Added School Resource Police (SRO) Officer position Funded sewer debt service Funded opening of Sargisson Beach	\$71,000 \$27,000 \$38,210





## Looking Forward (from last year)...

- Look at levers to reduce rate of growth in salaries, wages and benefits
- Charter Review process
  - Strengthen fiscal checks and balances
  - Better define and refine Finance Committee's role in fiscally managing town's budget



## **Looking Forward (2017)**

Finance Committee recommended creation of a  
**Committee to Study Sustainable Municipal Budget Growth**

Appointed by Board of Selectmen and consisting of seven (7) members

### **Proposed Committee Charge:**

The Sustainable Budget Study Committee shall be established for the purpose of identifying and understanding the underlying causes of growth in Groton's Municipal Operating Budget as well as making recommendations on specific actions that can be taken to ensure the Town is on a sustainable financial path



The committee's work should include, but not be limited to:

1. Identify specific budget growth areas that are increasing in a non-sustainable manner
2. Analyze non-sustainable budget growth areas to determine underlying causes
3. Benchmark municipal budget growth against comparable towns
4. Develop list of potential actions prioritized on size and duration of financial impact, ability of town to adopt and any potential risks to successful implementation
5. Deliver final report outlining findings and recommendations

The committee should seek out citizens, professional individuals or organizations with the skills and knowledge required to complete its work

The committee shall endeavor to bring its recommendations to the Board of Selectman, Finance Committee, Town Manager and the Town's Finance Team prior to the start of the FY18 budget cycle



## **What about the schools?**

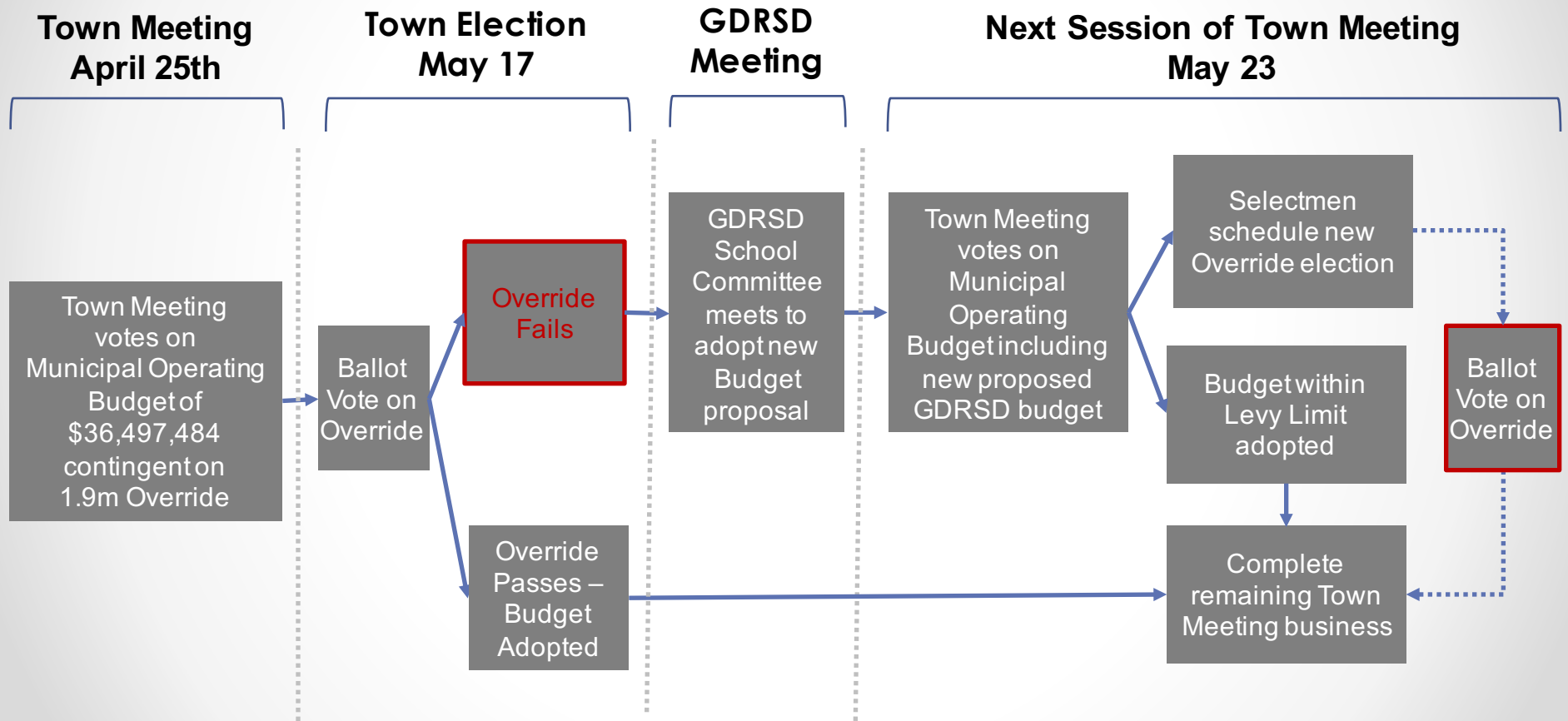
The Finance Committee recommends the GDRSD Budget

The Finance Committee recommends the resulting Override

The Finance Committee is committed to working closely with the GDRSD School Committee over the next 12 months to find ways to sustainably fund the districts needs



# Proposed 2017 Town Meeting Budget Process





**The Finance Committee believes this process has been thorough leading to a budget that reflects the needs as well as the priorities of the Town of Groton and we recommend the adoption of this budget to those assembled here at Town Meeting**





The following slides are for backup purposes only.  
They will only be used if necessary to answer questions from Town Meeting Floor.

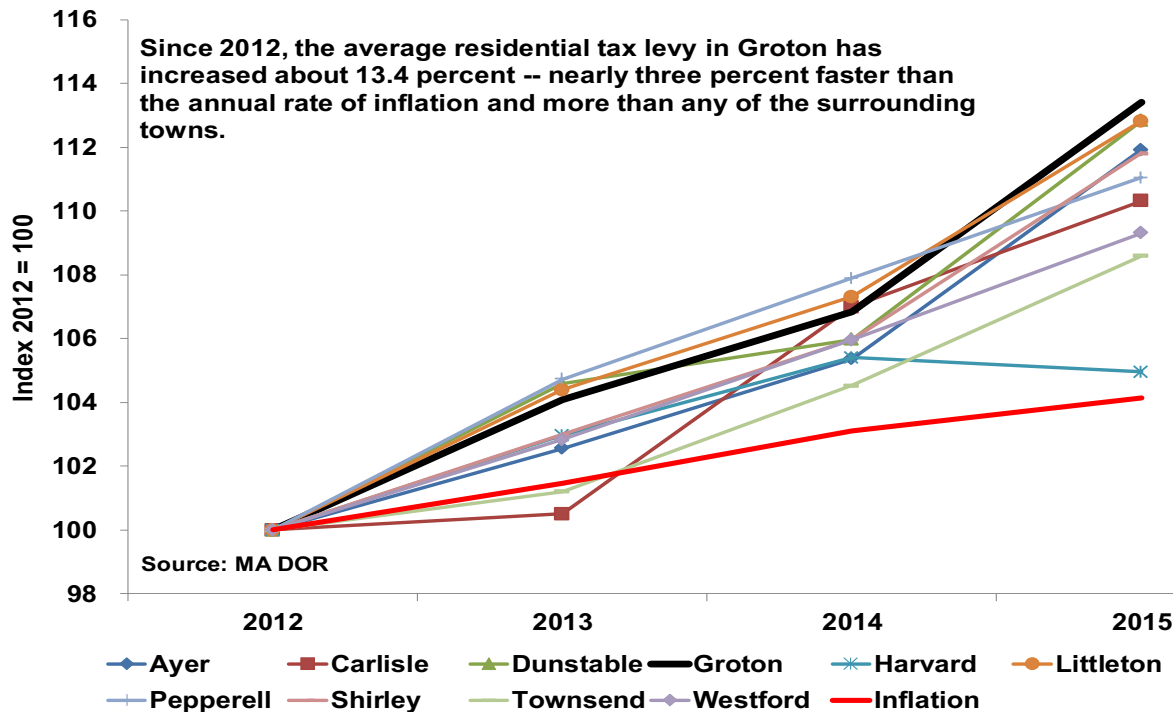




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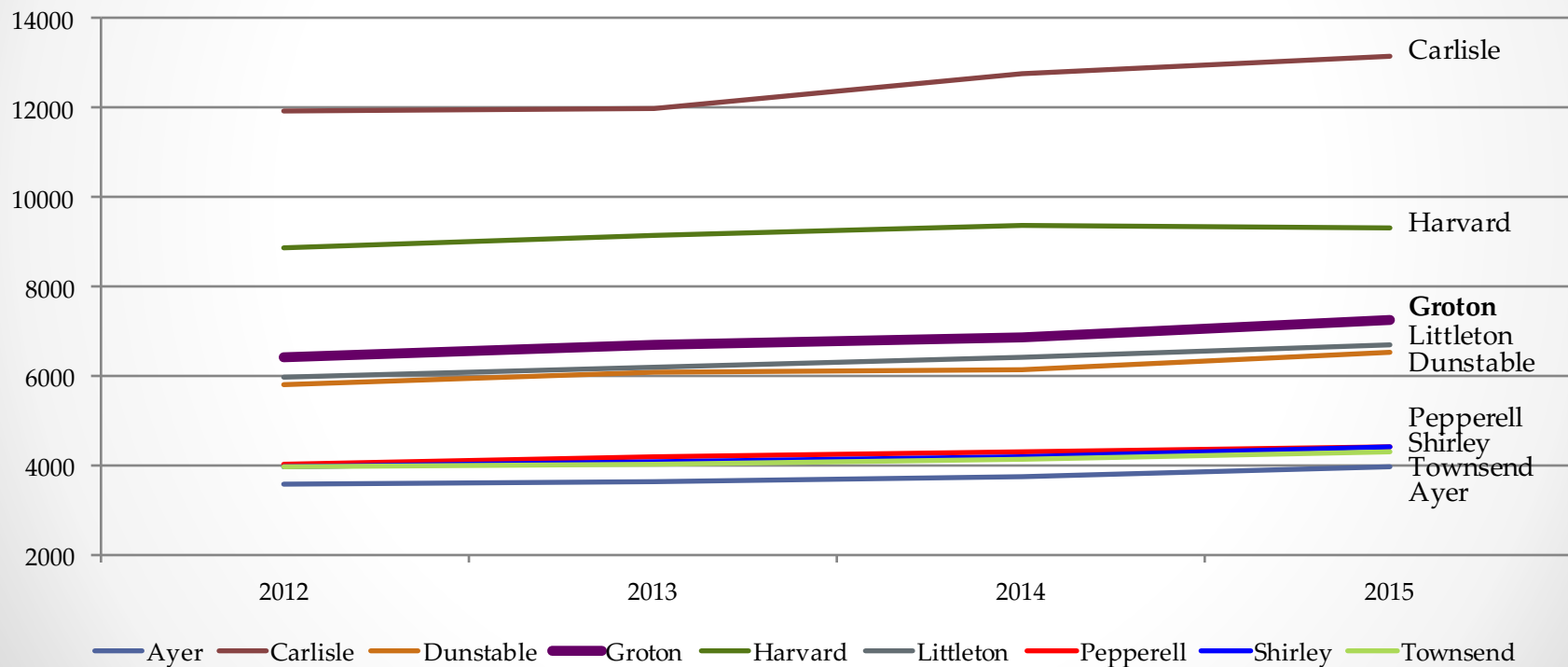
## Groton's residential tax levy has increased more than surrounding towns since 2012



	2015 Average
Ayer	\$ 3,982
Carlisle	\$ 13,127
Dunstable	\$ 6,542
Groton	\$ 7,279
Harvard	\$ 9,301
Littleton	\$ 6,724
Pepperell	\$ 4,443
Shirley	\$ 4,438
Townsend	\$ 4,311

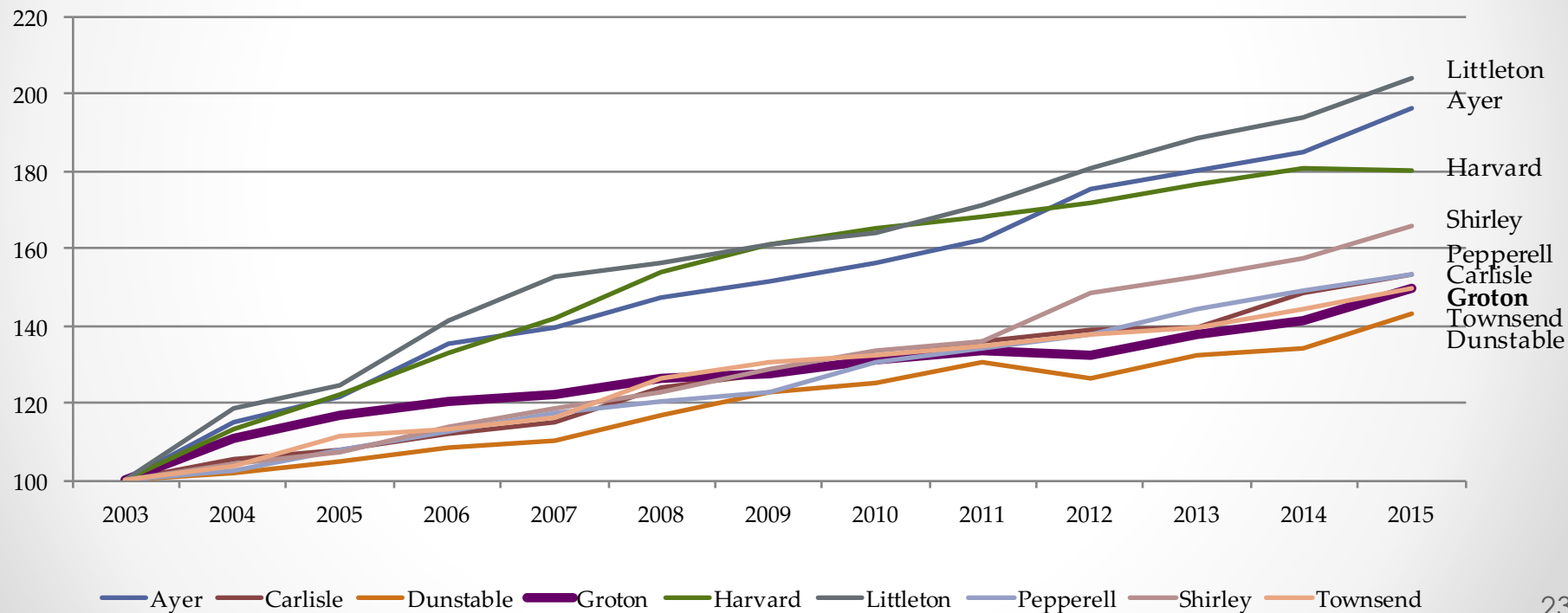


## Average Tax Bill – Local Towns (2012-2015)



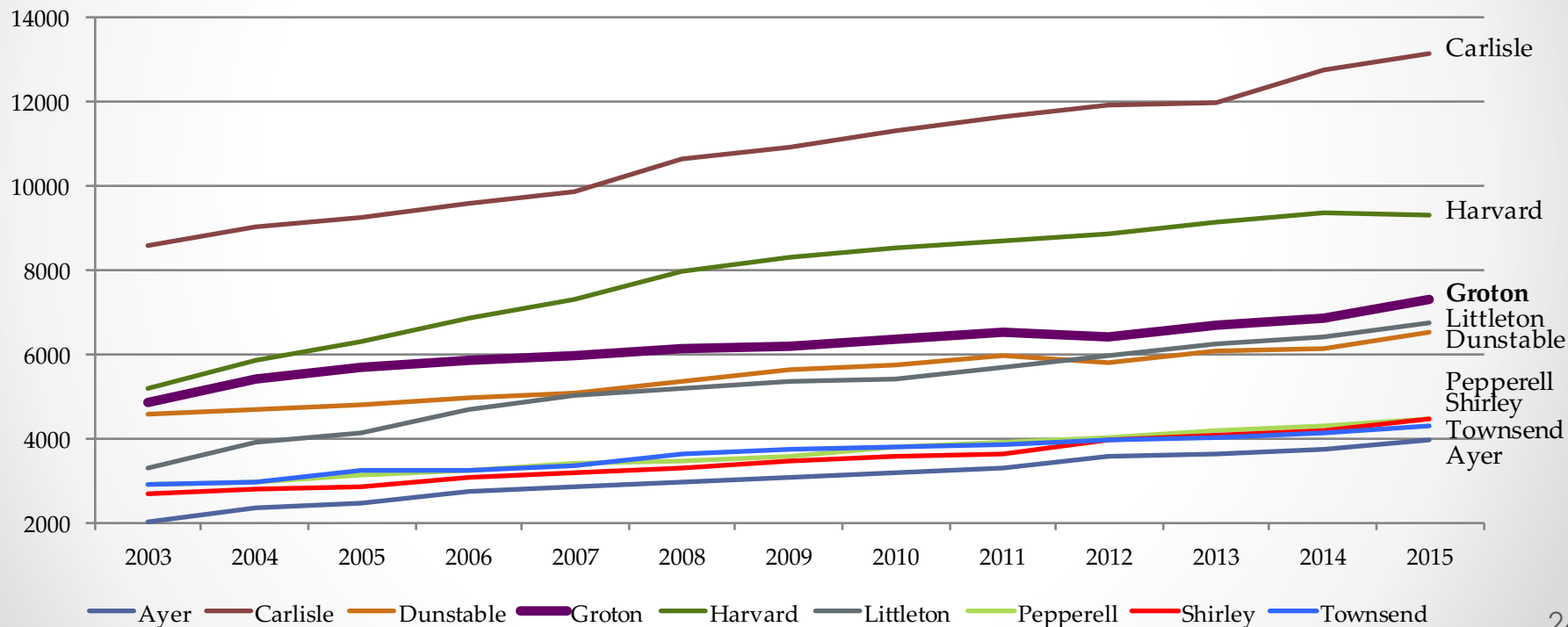


## Average Tax Bill – Local Towns (2003-2015)





## Average Tax Bill – Local Towns (2003-2015)



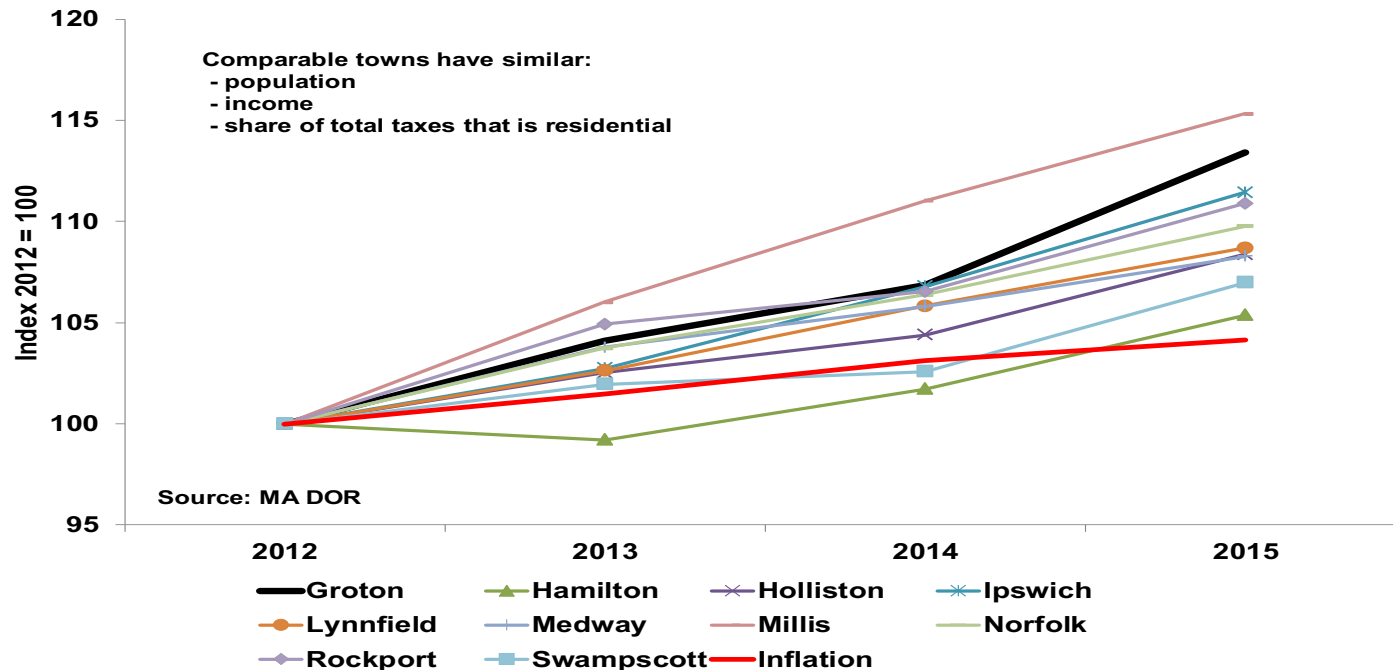




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Massachusetts

## Average Single Family Tax Bill: Groton and Comparable Towns



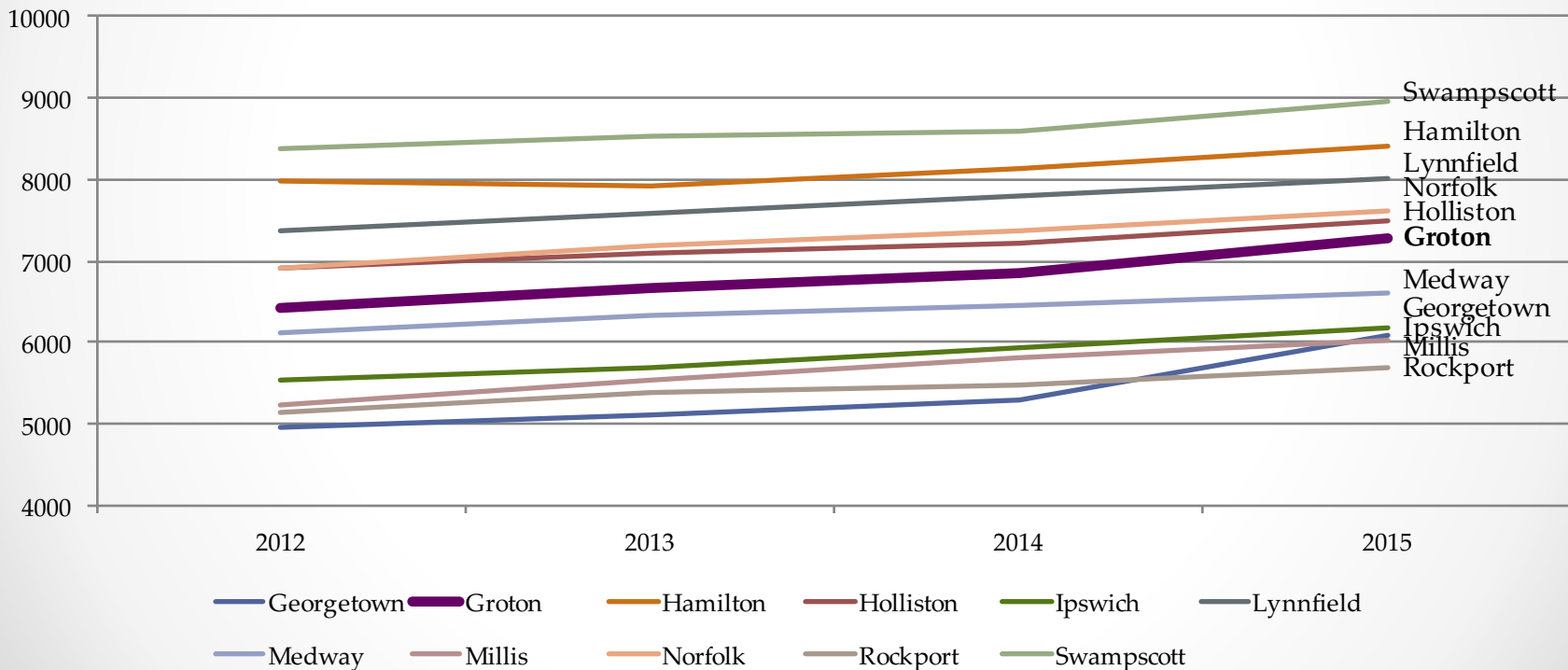
	2015 Average
Georgetown	\$ 6,080
Groton	\$ 7,279
Hamilton	\$ 8,417
Holliston	\$ 7,495
Ipswich	\$ 6,179
Lynnfield	\$ 8,021
Medway	\$ 6,610
Millis	\$ 6,027
Norfolk	\$ 7,603
Rockport	\$ 5,707
Swampscott	\$ 8,961



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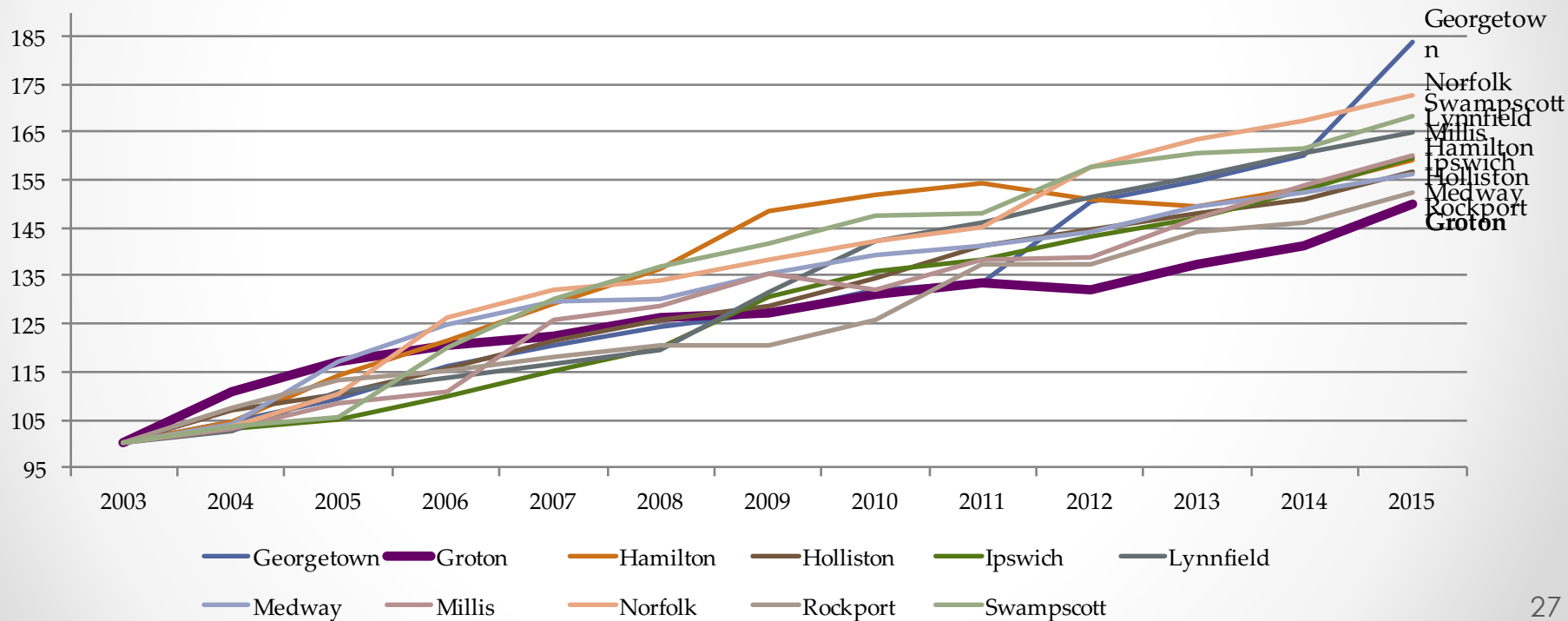
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## Average Tax Bill – Comparable Towns (2012-2015)





## Average Tax Bill – Comparable Towns (2003-2015)





## Average Tax Bill – Comparable Towns (2003-2015)

