



Fiscal Year 2021

Town Meeting Budget Presentation

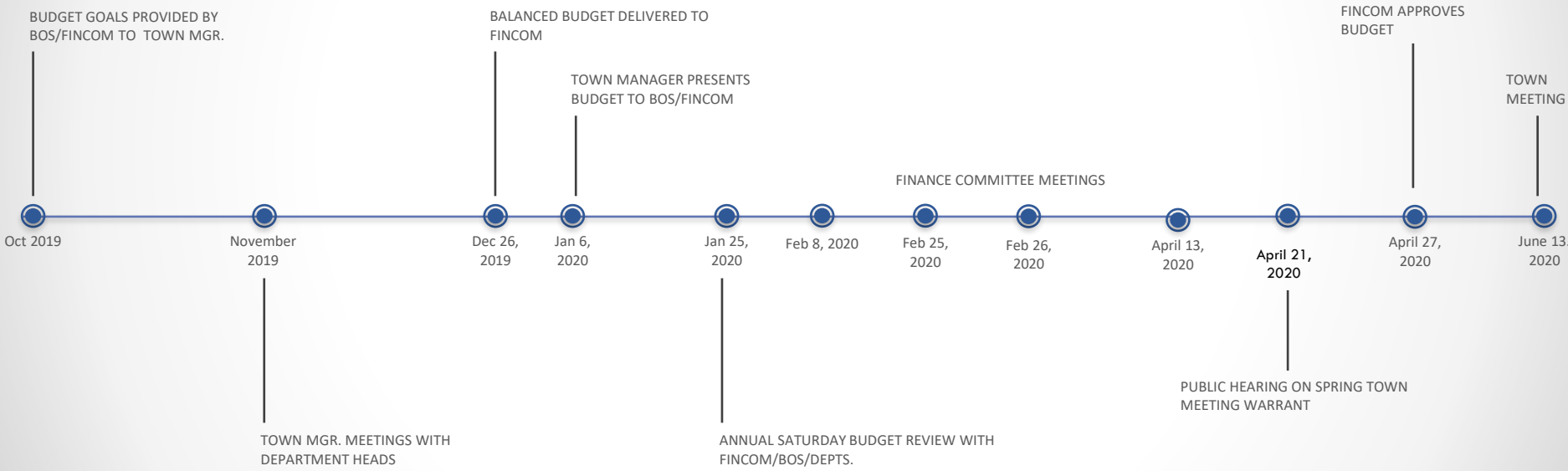
Bud Robertson - Finance Committee Chairman



- Budget Process
- Budgetary Goals and Guidance
- Expenditures
- Revenues
- Budget Drivers
- 2021 Tax Rate Calculation



Town of Groton Budget Timeline





GROTON

Massachusetts

General Budgetary Goals

- Ensure 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

- 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 and begin to pay down future liabilities

- Town enterprises fund required contributions via 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
- Special (Gifts, Grants, and Trusts) and Enterprise funds managed to assure fund solvency



2021 Budget Guidance

1. The Town Manager shall provide two budgets to the Finance Committee and the Select Board.
2. The first budget shall be a level services budget that continues to provide the same services that the Town currently receives.
3. The second budget shall be a balanced budget that does not require an override of Proposition 2½. Any deficit in the level services budget shall be offset by equal reductions to the Municipal Budget and Groton Dunstable Regional School District Operational Assessment.
4. There shall be no new benefited positions proposed.



GROTON

Massachusetts

	Town Manager's Proposed Budget	Finance Committee's Proposed Budget
Date	12/26/19	Town Meeting (06/13/20)
Municipal Operating Budget (Excluding Debt)	\$15,076,601	\$15,068,866
Increase (\$)	\$208,568	\$200,833
Increase (%)	1.40%	1.35%
Notes		Includes: <ul style="list-style-type: none"> • Eliminates Funding for Lifeguards at Sargisson Beach. • Does not include schools or debt



GROTON

Massachusetts

<u>Category</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Dollar Difference</u>	<u>Percentage Change</u>
General Government	\$ 2,107,704	\$ 2,133,418	\$ 25,714	1.22%
Land Use	\$ 450,361	\$ 448,055	\$ (2,306)	-0.51%
Protection of Persons and Property	\$ 4,362,042	\$ 4,369,427	\$ 7,385	0.17%
Department of Public Works	\$ 2,237,722	\$ 2,254,853	\$ 17,131	0.77%
Library and Citizen Services	\$ 1,674,098	\$ 1,719,650	\$ 45,552	2.72%
Employee Benefits	\$ 4,036,106	\$ 4,143,463	\$ 107,357	2.66%
Sub-Total	\$ 14,868,033	\$ 15,068,866	\$ 200,833	1.35%
Debt Service - Excluded	\$ 1,261,862	\$ 1,473,787	\$ 211,925	16.79%
Debt Service - In Levy Only	\$ 345,397	\$ 346,039	\$ 642	0.19%
Sub-Total - All Municipal	\$ 16,475,292	\$ 16,888,692	\$ 413,400	2.51%
Nashoba Tech	\$ 728,802	\$ 688,273	\$ (40,529)	-5.56%
Groton-Dunstable Operating	\$ 21,264,294	\$ 22,101,346	\$ 837,052	3.94%
Groton-Dunstable Excluded Debt	\$ 739,429	\$ 648,497	\$ (90,932)	-12.30%
Groton-Dunstable Debt	\$ 59,533	\$ 58,147	\$ (1,386)	-2.33%
Groton Dunstable Capital	\$ 479,011	\$ 423,926	\$ (55,085)	-11.50%
	.			
Sub-Total - Education	\$ 23,271,069	\$ 23,920,189	\$ 649,120	2.79%
Grand Total - Town Budget	\$ 39,746,361	\$ 40,808,881	\$ 1,062,520	2.67%



GROTON

Massachusetts

<u>Category</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Dollar Difference</u>	<u>Percentage Change</u>
Municipal Wages	\$ 7,979,033	\$ 8,102,678	\$ 123,645	1.55%
Employee Benefits	\$ 4,036,106	\$ 4,143,463	\$ 107,357	2.66%
Sub-Total - Wages and Benefits	\$ 12,015,139	\$ 12,246,141	\$ 231,002	1.92%
Municipal Expenses	\$ 2,852,894	\$ 2,822,725	\$ (30,169)	-1.06%
Sub-Total -	\$ 14,868,033	\$ 15,068,866	\$ 200,833	1.35%
Debt Service - In-Levy Only	\$ 345,397	\$ 346,039	\$ 642	0.19%
Total - All Municipal	\$ 15,213,430	\$ 15,414,905	\$ 201,475	1.32%
Nashoba Tech	\$ 728,802	\$ 688,273	\$ (40,529)	-5.56%
Groton-Dunstable Operating	\$ 21,264,294	\$ 22,101,346	\$ 837,052	3.94%
Groton-Dunstable Debt	\$ 59,533	\$ 58,147	\$ (1,386)	-2.33%
Sub-Total - Education	\$ 22,052,629	\$ 22,847,766	\$ 795,137	3.61%
Total - Town Operating Budget	\$ 37,266,059	\$ 38,262,671	\$ 996,612	2.67%



Budget Drivers:

- **Wages and Benefits**
 - Third year of three-year collective bargaining agreements with 7 units
 - Moving incentive pay to one-time payments from base salary increases
- **Debt Service**
 - Stabilize in-levy debt service using E&D funds to pay down short term notes
 - First full year debt service for new Public Works Garage and Library Roof (excluded debt)
- **School District Assessments**
 - Insufficient state-matching funds growth
 - Unanticipated expenses (state mandates and out-of-district enrollments)
 - One-time use of E&D to offset FY2021 operating budget



Use of Free Cash (E&D) for Operating Expenses

- Town of Groton's approved financial policy:
 - **"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."**
- Offset of FY2021 District Assessment to Groton and Dunstable
 - Regional School Committee approved use of District E&D to reduce assessments
 - Resulted in reduction in assessment of \$618,160
 - This use did not reduce the Operating Budget of the District and will have to be restored through the Operating Assessment in FY 2022
- Finance Committee concerns:
 - Impact of COVID-19 on anticipated FY 2021 Revenues.
 - Original estimates reduced by over \$400,000. Actual impact will be unknown for several months.
 - Potential for significant operating deficit going into FY2022 budgeting process



<u>Revenue Source</u>	<u>Actual FY 2020</u>	<u>Proposed FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Property Tax**	\$ 31,652,779	\$ 32,904,529	\$ 1,251,750	3.95%
State Aid	\$ 971,581	\$ 971,581	\$ -	0.00%
Local Receipts	\$ 4,120,480	\$ 4,115,280	\$ (5,200)	-0.13%
Enterprise Fund Reimbursement for Benefits	\$ 236,288	\$ 256,254	\$ 19,966	8.45%
Free Cash	\$ 300,857	\$ 300,730	\$ (127)	100.00%
Other Available Funds	\$ 300,000	\$ 300,000	\$ -	0.00%
TOTAL	\$ 37,581,985	\$ 38,848,374	\$ 1,266,389	3.37%

**Includes 2½ percent increase allowed by law, \$10 million in new growth and \$279,639 in unexpended tax capacity from Fiscal Year 2020.



GROTON

Massachusetts

	<u>Actual</u> <u>FY 2020</u>	<u>Proposed</u> <u>FY 2021</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Levy Capacity Used*	\$ 31,652,779	\$ 32,585,269	\$ 932,490	2.95%
Tax Rate on Levy Capacity Used	\$ 16.31	\$ 16.71	\$ 0.40	2.45%
Average Tax Bill	\$ 8,025	\$ 8,221	\$ 197	2.45%
Excluded Debt	\$ 2,070,421	\$ 2,121,390	\$ 50,969	2.46%
Tax Rate on Excluded Debt	\$ 1.07	\$ 1.09	\$ 0.02	1.87%
Average Tax Bill	\$ 526	\$ 536	\$ 10	1.87%
Final Levy Used	\$ 33,723,200	\$ 34,706,659	\$ 983,459	2.92%
Final Tax Rate	\$ 17.38	\$ 17.80	\$ 0.42	2.42%
Average Tax Bill	\$ 8,551	\$ 8,758	\$ 207	2.42%

*The FY 2021 Levy Limit Used includes \$10 million in New Growth and is \$319,260 under the anticipated FY 2021 Levy Limit



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