



# Town of Groveland

## 2024 Finance Board Report



# Finance Board Report to the Annual Town Meeting

April 29, 2024

Welcome and thank you for attending Groveland's 2024 Annual Town Meeting.

The Finance Board, a volunteer board whose members are appointed by the Board of Selectmen, is comprised of fellow residents who care for and are concerned about Groveland and its future.

We met with each town department, as well as the Pentucket Regional School District and Whittier Technical Vocational High School, during public meetings that were held from January to March. It was during those meetings that department heads gave updates on their department, presented their department goals, and walked through their budget request for Fiscal Year 2025. Like many neighboring communities, it became evident that to recommend a balanced budget, difficult decisions would need to be made as the net increase in the requested budget exceeded that allowable under Proposition 2½.

As a board, we value the efforts of our town and school district employees and all that they do for the residents, and we know that reducing the budget is not an easy task for the departments. However, we also recognize that our fellow taxpayers cannot bear the burden of another tax override. Through additional discussions, budget modifications were made and as a result, we can recommend a balanced budget for Fiscal Year 2025 tonight.

While the budget season continues to present difficulties, we cannot lose sight of the accomplishments of our town. Such accomplishments include:

- Completion of the Comprehensive Master Plan
- Modernization of cable system and remote meeting capabilities
- Transfer of General Bylaws and Zoning Bylaws to eCode platform
- Municipal Vulnerability Preparedness Action Grant for Johnson Watershed Flood Resiliency Project (\$143,666)
- Department of Fire Services Firefighter Safety Equipment Grant (\$15,500)
- Federal Grant for water main infrastructure improvements (\$959,752)
- Receipt of a clean audit opinion from the independent audit firm

We encourage you to visit the town's website, [www.grovelandma.com](http://www.grovelandma.com), to stay informed about all the happenings within our community as well as to find information about the volunteer opportunities available on the boards and committees that serve the town. Together, we can make Groveland a great place to live.

Representing you as the Finance Board, we are:

Melissa Baker, Chair  
William O'Neil, Vice Chair  
Ruth Rivard, Secretary  
James Scanlon  
Alexander Woods  
Mark Huber





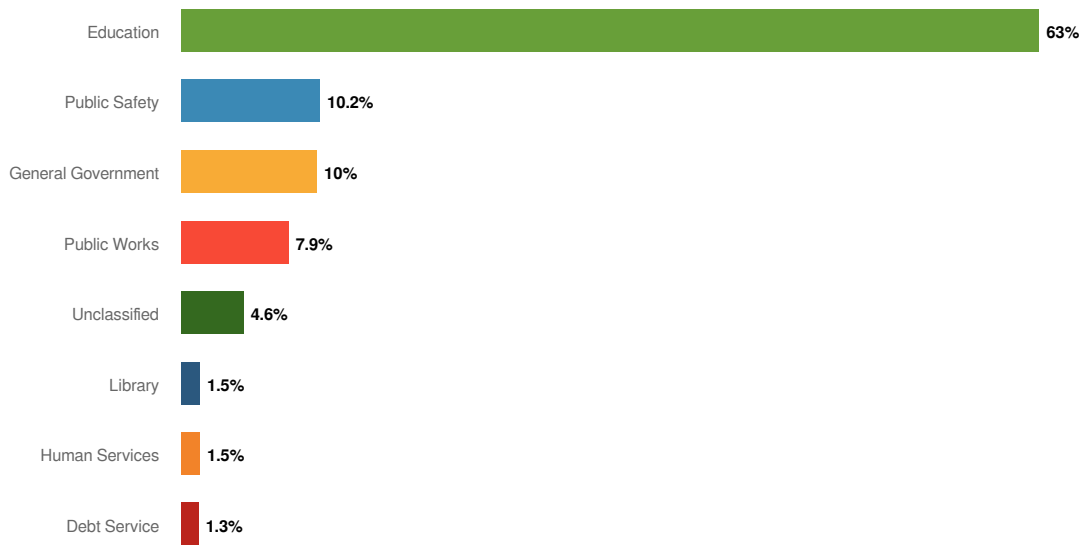
## General Fund

The General Fund is the main operating fund for the Town of Groveland. It accounts for all resources and the use of those resources that are governed by the Annual Town Meeting. Revenue sources for this fund are property taxes, local receipts (i.e. excise taxes, licenses, permits and fees) and unrestricted state aid. Expenditures by this fund are for services related to education, public safety, public works, library and human services, as well as the general operation of the town.

## How Your Tax Dollars Are Spent

The Finance Board believes in a collaborative and respectful process. We are committed to active listening and informed decision-making, while making thoughtful and fair recommendations to you, the residents and taxpayers of Groveland. We work hard to balance the revenue increases confined to Proposition 2½ with the increasing demand and costs for goods and services. It is as important as ever to remain diligent and strategic in all planning and spending.

### Budgeted Expenditures by Function



Name	FY2025 Budgeted
Expenditures	
General Government	\$2,343,079
Public Safety	\$2,396,105
Public Works	\$1,845,196
Education	\$14,729,189
Human Services	\$339,217
Library	\$344,312
Debt Service	\$298,351
Unclassified	\$1,083,030
<b>Total Expenditures:</b>	<b>\$23,378,479</b>



There can be many challenges when trying to recommend a balanced budget and this year was no exception. While working through Fiscal Year 2025's budget, there were significant increases in several line items. For example, the required contribution to the Essex Regional Retirement System increased by approximately \$194,000 (27%) and the trash contract increased approximately \$85,000 (12%). The operating budget also needed to absorb the remaining salaries of our career firefighters, which as noted last year were previously funded by a grant.

We appreciate the difficult decisions that our town departments made as they modified their budgets and in an effort to avoid cutting services, the Finance Board supported the recommendation to eliminate all stipends to non-employees, to reduce the Finance Board's reserve account from \$30,000 to \$10,000, and to reduce the legal expense budget by \$25,000.



## Appropriation of Free Cash

The Division of Local Services (DLS) defines Free Cash as the remaining, unrestricted funds from operations of the previous fiscal year, including any unexpended Free Cash. DLS must certify Free Cash before the town can appropriate it, and it must be appropriated before June 30.

As much as practicable, the town will limit its use of Free Cash to funding one-time expenditures (such as capital projects, snow and ice deficits, or emergencies), as opposed to recurrent operating costs.

The town shall set a goal of maintaining its year-end unappropriated Free Cash balance in the range of 3 (three) to 5 (five) percent of the annual general fund budget. The town will appropriate any excess above this target range to build reserves, offset unfunded liabilities, or make capital purchases. Further, the town will avoid annually using Free Cash as a revenue source "to reduce the tax rate," since this is equivalent to it being used to fund current operations.

The above referenced financial goal was established during Fiscal Year 2023 as part of the creation of the town's Financial Policies; however it was not expected to be met during Fiscal Year 2024 or Fiscal Year 2025. The town is continuing to put practices into place to meet this goal in the future.

Article	Purpose	Recommended Amount	Percent of Fiscal Year 2025 Budget
Fiscal Year 2024 Certified Beginning Balance		\$460,444	2.0%
<b>Recommended Expenditures</b>			
27	To reduce Fiscal Year 2025 tax rate	\$85,000	
28	Transfer to Stabilization account	\$50,000	
	Transfer to Capital Stabilization account	\$50,000	
	Transfer to Municipal Building Improvements account	\$50,000	
	Transfer to MS4 Stormwater Permit account	\$5,000	
	Transfer to Personnel Buyback account	\$5,000	
	Transfer to Opioid Settlement account	\$4,844	
	Purchase cruiser for Police Department	\$64,967	
	Fund electrical study for Town Hall Complex	\$25,000	
	Purchase generator for Town Hall Complex	\$68,462	
	Match for Fiscal Year 2025 Assistance to Firefighters Grant	\$20,000	
<b>Total Recommended Expenditures</b>		<b>\$428,273</b>	
Fiscal Year 2024 Ending Balance		\$32,171	0.1%



## Contribution to Reserve Accounts

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes. Although M.G.L. c. 40, § 5B allows a community to establish one or more stabilization funds to accumulate funds for specific purposes, as detailed below, the town has established two stabilization funds, each of which is accounted for and reported as a trust fund, regardless of authorized use.

**General Stabilization:** The town will endeavor to maintain a minimum balance of 5 (five) percent of the current operating budget in its general stabilization fund. Withdrawals from general stabilization should only be used to mitigate emergencies or other unanticipated events that cannot be supported by current general fund appropriations. When possible, withdrawals of funds should be limited to the amount available above the 5 (five) percent minimum reserve target level. If any necessary withdrawal drives the balance below the minimum level, the withdrawal should be limited to one-third of the general stabilization fund balance. Further, the Town Administrator will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

**Capital Stabilization:** The town will strive to annually appropriate \$100,000 or 1 (one) percent of general fund operating revenues to this fund until it minimally achieves a balance equal to the total amount of asset depreciation that the Town Accountant calculates yearly per the Government Accounting Standards Board's Statement 34. Subsequently, the ongoing fund balance target shall be 2 (two) to 4 (four) percent of the general fund operating budget. By sustaining funding in this reserve, the town can balance debt with pay-as-you-go practices and protect against unforeseen costs. The primary funding source for this account is Free Cash.

Reserve Account	Amount Contributed Fiscal Year 2024	Amount Recommended Fiscal Year 2025	Projected Balance with Fiscal Year 2025 Contributions*	Percent of Fiscal Year 2025 Budget
General Stabilization	\$50,000	\$50,000	\$1,622,107	6.9%
Capital Stabilization	\$50,000	\$50,000	\$463,406	1.9%
Total Stabilization	\$100,000	\$100,000	\$2,085,513	

\* Projected Balance does not include interest income.



## Other Postemployment Benefits Liabilities

In addition to salaries, the town 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 postemployment benefits, or OPEBs. OPEBs represent a significant liability for the town that must be properly measured, reported, and planned for financially.

To address the OPEB liability, decision makers will analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The town will derive funding for the OPEB Trust Fund from taxation, Free Cash, and any other legal form. To ensure that the town's sewer and water operations remain self-supporting, the Water & Sewer Commissioners, will factor their department's proportional OPEB contributions into the setting of user fees.

Achieving full funding of the liability requires the town to commit to funding its actuarially determined contribution (ADC) each year, which is calculated based on actuarial projections. Among strategies to consider for funding the ADC:

- Strive to fund a minimum of \$85,000 per year by:
  1. Transfer unexpended funds from insurance line items to the OPEB Trust Fund.
  2. Appropriate amounts equal to the town's Medicare Part D reimbursements.
  3. Determine and commit to appropriating an annual portion of Free Cash.
  4. Appropriate an annually increasing percentage of yearly revenues.
  5. Once the pension system is fully funded, on a subsequent annual basis, appropriate to the OPEB Trust Fund the amount equivalent to the former pension-funding payment or the ADC, whichever is less.

Additional information regarding OPEB liabilities can be found in Notes 12 and 14 of the June 30, 2023 Financial Statements, which are available on the town website.

Reserve Account	Amount Contributed Fiscal Year 2024	Amount Recommended Fiscal Year 2025	Projected Balance with Fiscal Year 2025 Contributions*
OPEB Trust Fund	\$85,000	\$85,000	\$908,016

\* Projected Balance does not include interest income.



## Community Preservation Act Articles

As part of the warrant review, the Finance Board carefully reviews all proposals being presented to the Annual Town Meeting for funding by the Community Preservation Act (CPA) funds. These funds are raised through the imposition of a surcharge on the tax levy against real property and can only be used for projects that fall under the following categories: open space protection, historic preservation, affordable housing and outdoor recreation.

A statewide Community Preservation Trust Fund, administered by the Department of Revenue, guarantees a matching distribution (at variable rates depending upon the amount of revenues collected and the number of communities participating in the program that year) to all communities that have adopted CPA. Since adopting CPA, the town has received \$3,633,917 in matching distributions from the Community Preservation Trust Fund.

The table below summarizes the Finance Board's recommendations on these articles.

Article	Description	Requested Amount	Finance Board Recommendation
19 Community Garden	Create a plan, including cost projections, to convert the old dog park into a community garden	\$4,950	Favorable
20 Washington Hall on National Registry	Place Washington Hall on the National Registry of Historic Places	\$6,600	Favorable
21 Shade & Seating at the Pines	Provide additional seating and shade at the Pines Recreation Area for visitors	\$21,426	Favorable
22 Town Clerk Scan Documents	Conversion project to digitize 21 hardcover, 53 soft bound and 46 staple bound books of the Town of Groveland Annual Reports	\$33,000	Favorable
23 Perry Park Design Phase	Start process of restoring the park by collaborating with a consultant to design improvements, research issues, and provide cost estimates for future work	\$30,800	Favorable
24 Pines Parking Enhancements	Create additional parking and improve vehicular circulation in the Pines Recreation Area as well as create a pedestrian access between the Pines Recreation Area and the Town Hall Complex	\$523,110	Favorable
25 Parking Creation at Shanahan Field	Create designated parking area to provide more access to parking and improve vehicular circulation.	\$886,800	2 Favorable 2 Unfavorable

