



Town of Groveland

2025 Finance Board Report



Finance Board Report to the Annual Town Meeting

April 28, 2025

Welcome and thank you for attending Groveland's 2025 Annual Town Meeting.

The Finance Board, a volunteer board whose members are appointed by the Select Board, 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, during public meetings that were held from January to March. It was during those meetings that department heads provided updates on their department, presented their department goals, and walked through their budget request for Fiscal Year 2026. Unfortunately, like many communities in the Commonwealth, it became evident that to recommend a balanced budget, difficult decisions would need to be made as the net increase in the requested budgets 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 residents, and we know that reducing the budget is not an easy task for departments in the current financial climate. However, we also recognize that our fellow taxpayers cannot bear the burden of another tax override. Through additional discussions and with the assistance of our Town Administrator, budget modifications were made and as a result, we are recommending a balanced budget for Fiscal Year 2026 tonight.

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

- Receipt of a clean audit opinion from the independent audit firm
- FEMA Assistance to Firefighters Grant (\$185,000)
- Executive Office of Energy and Environmental Affairs Grant for Johnson Creek Dam design and permitting costs (\$98,620)
- Community Compact Best Management IT Grant (\$19,500)
- Executive Office of Public Safety and Security Municipal Road Safety Grant (\$13,557)
- MassDevelopment Real Estate Services Technical Assistance Grant (\$20,000)
- Department of Fire Services Firefighter Safety Equipment Grant (\$13,920)

We encourage you to visit the town's website, 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 various boards and committees that serve the town. Together, Groveland can continue to be a great place to live.

Representing you as the Finance Board, we are:

Melissa Baker, Chair
James Scanlon
Brian Cannizaro

William O'Neil, Vice Chair
Mark Huber
Alexander Woods, Alternate

Ruth Rivard, Secretary
Adam Haywood
Christopher Sanborn, Alternate

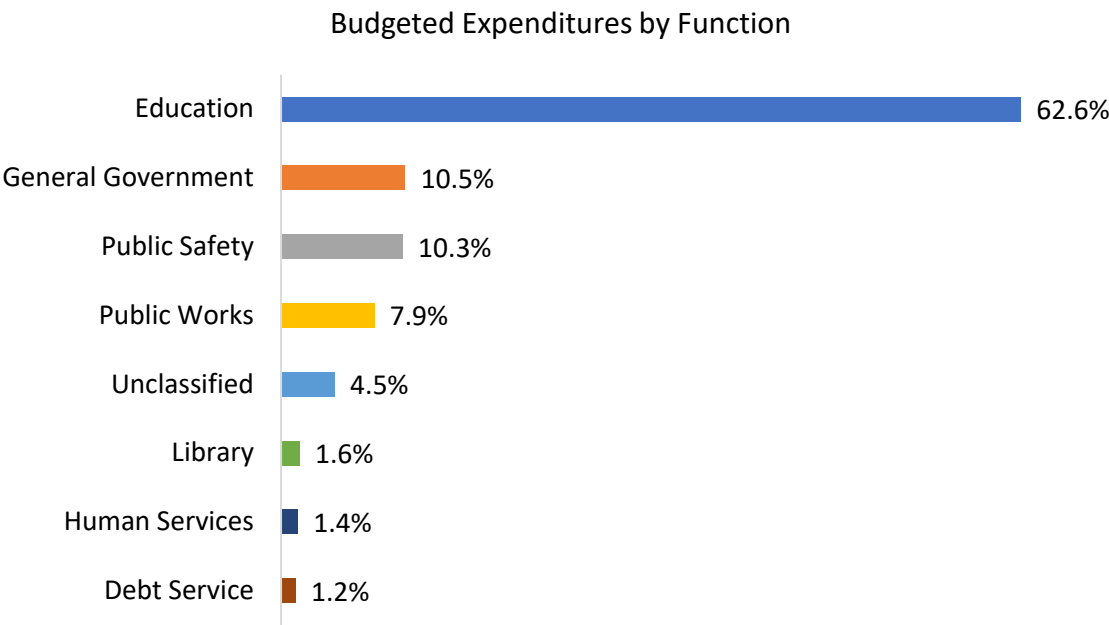


General Fund

The General Fund is the main operating fund for the Town of Groveland. It accounts for all resources and the uses 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.



Function	Fiscal Year 2026 Budget
Education	\$15,163,828
General Government	\$2,542,433
Public Safety	\$2,488,773
Public Works	\$1,909,377
Unclassified	\$1,096,629
Library	\$376,475
Human Services	\$340,546
Debt Service	\$294,793
Total	\$24,212,824



There can be many challenges when trying to recommend a balanced budget and this year was no exception. While working through the Fiscal Year 2026's budget, there were increases in several line items. For example, the estimated utilities cost increased approximately \$30,646 (20%) and the trash contract increased approximately \$66,000 (8%).

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 continued to support the recommendation to eliminate all stipends to non-employees, to keep the Finance Board's reserve account funding at \$10,000, and to reduce the legal expense budget by another \$10,000.



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 by 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 for several years as the town is continuing to put practices into place to meet this goal.

Article	Purpose	Recommended Amount	Percent of Fiscal Year 2026 Budget
Fiscal Year 2025 Certified Free Cash Beginning Balance		\$1,217,934	5.0%
Recommended Expenditures on Warrant			
35	To reduce Fiscal Year 2026 tax rate	\$85,000	
36	Transfer to Stabilization account	\$80,000	
	Transfer to Capital Stabilization account	\$80,000	
	Transfer to Municipal Building Improvements account	\$50,000	
	Transfer to MS4 Stormwater Permit account	\$5,000	
	Transfer to Personnel Buy Back account	\$5,000	
	Purchase cruiser for Police Department	\$68,960	
	Purchase shelving for Library	\$10,230	
	Purchase track loader for Highway Department	\$126,300	
	Purchase asphalt hot box for Highway Department	\$53,611	
	Purchase Kubtoa tractor for Highway Department	\$57,000	
	Fund facility improvements to Bagnall Elementary School	\$67,700	
	Purchase recycling totes	\$115,000	
	Fund account for maintenance of turtle habitat required in conjunction with Community Trail	\$2,000	
	Fund 175 th Anniversary Parade Event	\$20,000	
	Eliminate deficit in Bagnall Summer Program Revolving Fund	\$24,095	
	Fund pedestrian sidewalk enhancements on Route 113	\$15,000	
Total Recommended Expenditures on Warrant		\$864,896	
Fiscal Year 2025 Free Cash Ending Balance			
		\$353,038	1.5%



The certified Free Cash beginning balance for Fiscal Year 2025 is the largest balance that the Town of Groveland has had looking back on the last two decades. The increase over prior years was driven by Fiscal Year 2024 local receipts collected being approximately \$325,000 over the budgeted amount and Fiscal Year 2024 expenses being approximately \$822,000 under the budgeted amount. The expenses were under budget primarily due to the identification of a miscalculation in the Pentucket Regional School District assessment after the Annual Town Meeting. Additionally, there were two previous warrant articles that closed out under budget.



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 fund 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 Account 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 2025	Amount Recommended Fiscal Year 2026	Projected Balance with Fiscal Year 2026 Contributions*	Percent of Fiscal Year 2026 Budget
General Stabilization	\$50,000	\$80,000	\$1,857,441	7.67%
Capital Stabilization	\$50,000	\$80,000	\$573,016	2.37%
Total Stabilization	\$100,000	\$160,000	\$2,430,457	10.04%

*Projected Balance does not include interest income that has not yet been earned.



Other Postemployment Benefit 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 water and sewer 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), which is calculated based on actuarial projections, each year. 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 11, 12 and 14 of the June 30, 2024 Financial Statements, which are available on the town website.

Reserve Account	Amount Contributed Fiscal Year 2025	Amount Recommended Fiscal Year 2026	Projected Balance with Fiscal Year 2026 Contributions*
OPEB Trust Fund	\$85,000	\$85,000	\$1,075,583

*Projected Balance does not include interest income that has not yet been earned.



Community Preservation Act Articles

As part of the warrant review, the Finance Board discusses 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 \$3,820,429 in matching distributions from the Community Preservation Trust Fund.

The table below summarizes the Finance Board's recommendations on the articles being presented:

Article	Description	Requested Amount	Finance Board Recommendation
27 Save Our Last Historic Mill Building	Support environmental testing of 46 Washington Street to preserve the building while determining future use	\$7,000	Favorable
28 Trail Enhancement Project	Support the restoration of trails and conservation properties by assessing the status and rehabilitation needs of the trails on Conservation and other protected town properties such as signage, markings, bridges, benches, kiosks, etc.	\$73,000	6 Favorable 1 Opposed
29 Groveland Congregational Church Clock & Bell Restoration	Support the restoration of the clock and bell chimes by replacing the existing components, which date back to 1883, with modern components and restore the bell chimes	\$25,000	5 Favorable 2 Opposed
30 Affordable Housing and Home Repair Initiative	Support the creation of a home repair program for income-eligible residents and the further development of affordable housing	\$20,000	Favorable
31 Phase 2 Historic Preservation of the Veto Hand Tub Museum	Extend the completion date of the project, which was approved at the 2017 Annual Town meeting, to June 30, 2027	\$0	Unfavorable

