January 19, 2021 Minutes

Town of Sharon Finance Committee Meeting

**Present:** Daniel Lewenberg, Patricia-Lee Achorn, Anja Bernier, William Brack , Arnold Cohen , Brian Collins, Gordon Gladstone, Charles Goodman, Ann Keitner, Ira Miller, Jada Wang.

Also present: Krishan Gupta - Director of Finance, Judy Crosby, Cheryl Weinstein.

1. **Dan Lewenberg, Chair, Gave Opening Remarks**
	1. This meeting is being held through the Zoom online platform due to the State of Emergency based on the COVID-19 outbreak. Confirmed the meeting was being recorded.
2. **School Department Financial Update – Dr. Meg Dussault, Interim Superintendent; Aziz Aghayev, Financial Consultant**
	1. Schools have a projected budget shortfall for this fiscal year. Actuals are changing every day. There may be money coming from the state, but as of yet this number is unknown.
	2. Budget to actual encumbrances as of 12/31/20:
		1. First 6 months of the fiscal year are not a predictor of the last 6 months for schools, as salary actuals may only reflect 2/3 pay for some staff at this point:
			1. Schools start paying their 12-month employees on July 1 and teachers start their pay cycle in September
		2. Substitute salaries are currently in flux
		3. They have done a partial analysis of encumbrances of non-salary staff, but an analysis for encumbrances for salaried has not occurred yet
		4. Total budget to actual:
			1. Non-salary budgeted, including encumbrances, are at $8,896,698
			2. Non-salary actuals, including encumbrances, are at $7,516,671, or 84.49%
			3. Salary accounts budgeted, including encumbrances, are at $38,240,682
			4. Salary accounts actuals, including encumbrances, are at $16,718,722, or 43.72%
		5. COVID special funding and grants used to date include:
			1. Total for technology: $932,037.97
			2. Total for operations: $772,730.17
			3. Total for staff: $74,109.76
			4. Town grants (to Schools): $931,925.41
			5. CARES/ESSER: $52,477.49
			6. CvRF grant: $794,475.00
		6. Mid-December – mid-January (30 days): $171,178 for HVAC upgrades and deep cleaning for approximately 20 COVID cases. This amount is not covered by grants. This may not be reflective of typical months because a large portion of this amount was for the HVAC system upgrade.
			1. The HVAC upgrade project is wrapping up, schools will be receiving their air quality reports, and the amount spent each month will reduce dramatically. There may still be $50,000 to pay towards this project this fiscal year. This project was required, as schools that chose not to upgrade their HVAC systems were not allowed to stay open during the pandemic.
			2. Deep cleaning costs are approximately $1,000 - $5,000 per COVID case per building.
		7. Revolving accounts – budget to actual:
			1. Kindergarten: Reserve is reduced because parents didn’t want to send their children.
			2. Salaries and other expenses still need to be paid for teachers, cafeteria, athletics, etc. even though not fully enrolled.
			3. Transportation: Couldn’t collect fees for children not using.
			4. Unable to rent the buildings like they typically do, due to COVID.
			5. Cannot legally transfer from one revolving account to another.
				1. Estimate that $600,000 - $700,000 will need to be covered by the operating budget. The School budget won’t have enough to cover this deficit. Some of these expenses may be able to be covered by grants but that amount is unknown at this time.
			6. Other school districts are struggling with the same issues. Currently analyzing every line item where the budget has not been spent and asking departments to not spend their remaining budgets if at all possible. Also currently working on next year’s fiscal budget.
			7. Facilities and maintenance costs are in the operating budget.
			8. In FY20 there was $770,000 available through the Circuit Breaker reimbursement. This grant helped offset special education costs and expenses. This fund can now also be used for out of district placements and special education transportation costs.
				1. Currently $230,000 over and anticipate additional costs of $300,000 this fiscal year because there are still children that need to be placed.
			9. Schools will have a more accurate idea of shortfall estimates in the next few weeks, including for cuts.
			10. Department of Public Works typically asks for the most from the reserve fund for snow and ice removal each year. Snow and ice removal regularly exceeds its budgeted amount, as is allowed, requiring funding from the reserve fund.
			11. No shortage of cash currently, the Town is meeting all its obligations. The Town cannot borrow money for the operating budget and can only borrow for capital needs.
			12. Keeping extraordinary expenses related to COVID out of the operating budget this fiscal year and tracking separately, including extra salaries. This will keep departments from rolling the higher budget costs this year into the base for future fiscal years.
			13. Schools roughly estimate they will have a deficit of ~$1 million. This far exceeds the reserve fund, regardless of snow removal costs. This is being closely monitored and the Committee will have a better idea in the next few weeks of exact numbers and the parameters for spending free cash and other funds.
			14. The Town had a special dispensation from the state to have a deficit at the end of FY20.
3. **Finance Committee Information Sharing:**
	1. The Committee shares information at a committee level through email, shared files and the private webpage. They share information to the public through the webpage, including agendas, minutes and VisGov.
	2. The schedule for the annual Town Meeting has target dates and is a good reference document to share.
	3. Onboarding documents for new members may be helpful as different laws and regulations govern Towns. There is also a Finance Committee handbook that could be posted.
	4. One big difference for governments is that instead of having one main trial balance they have many different ones due to having many dedicated accounts, some of which were created by laws. Some accounts can be transferred, others can’t.
	5. The Finance Committee could post the accompanying documents for each meeting online, grouped together with specific naming conventions.
4. **New Library Project Update – Dan Lewenberg:**
	1. Letter dated December 30 from the Massachusetts Board of Library Commissioners to the Library Trustees which dealt with milestone dates and an independent review:
		1. Per regulation, the Town must complete construction documents within 2 years of signing the grant agreement with the MBLC which would be in August 2021. The Town then has until June 30, 2023 to commence construction.
		2. Any locally driven independent review of a construction application must be completed prior to the application submission for construction funding. The MBLC engages teams of independent reviewers to evaluate the entire application. Contract is signed by the Town of Sharon and represents the grant awarded to and approved by the Town and is based on the submitted building program. Any changes to that building program would change the application and therefore make that application null and void resulting in breach of contract. Any breach of contract obligations, regulations and/or assurances on the part of the Town of Sharon would require the return of all funds dispersed including accrued interest. Any fees for this legal matter or for a locally driven independent review may not be paid using MBLC grant funds or the eligible cost portion of the Town of Sharon’s local match.
		3. The amount spent on this project to date is $1,328,123.22. Received almost $1.5 million from the grant so far to cover this. If no construction documents are signed by August 2021 then those grants will be lost and the Town will have to be pay back the almost $1.5 million with interest.
	2. Cheryl Weinstein stated that the Zoning Board and Select Board have met in executive session. Discovery is through the end of March. Next court date is unknown at this point. Will know more from lawyers in the next few weeks.
	3. Krishan Gupta will look into bills paid and the amount that should have been billed, by the lawyer, Gellerman, since June 2020.
5. **Topics not reasonably anticipated by the Chair in 48 hours**
	1. Welcome to Jada and Brian.
6. **Adjournment:**

**Motioned:** by Ira Miller **Seconded:** Arnold Cohen to adjourn **Voted:** 12-0-0.

The meeting was adjourned at 9:34 pm.