

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

Not Present: Arnold Cohen.

Also Present: Peter Botelho – Superintendent, Krishan Gupta – Finance Director, Fred Turkington – Town Administrator

1. Dan Lewenberg, Chair, gave opening remarks:

This meeting is being held via remote means through the Zoom online platform pursuant to Chapter 20 of the Acts of 2021.

2. OPEB Presentation – Parker Elmore and Andrew Taggart, Actuaries:

- a. OPEB is self-funded. Currently there is no mandate or requirement to fund, but towns are encouraged to fund these accounts
- b. Under Governmental Accounting Standards Board (GASB) 75 guidelines Sharon's OPEB became an accrual account. Before GASB this was cash-based, expensed on a cash basis. Benefits worth the same amount, but different interest rates and the time employed changes, but costs roughly stay the same
- c. GASB 75 results:
 - a. Total OPEB liability for 2020 - \$90,295,302
 - b. Total OPEB liability for 2021 - \$68,786,449
 - c. Fiduciary net position for 2020 - \$1,296,442
 - d. Fiduciary net position for 2021 - \$2,065,781
 - e. Net OPEB liability for 2020 - \$88,998,860
 - f. Net OPEB liability for 2021 - \$66,720,668
 - g. Service cost for 2020 - \$2,734,023
 - h. Service cost for 2021 - \$2,843,835
 - i. Financial statement expense for 2020 (earned by active contributors)- \$7,491,325
 - j. Financial statement expense for 2021 (earned by active contributors)- \$3,285,651
 - k. Employer share of cost for 2020 - \$1,799,641
 - l. Employer share of cost for 2021 - \$1,805,189
 - m. Trust contributions for 2020 - \$350,000
 - n. Trust contributions for 2021 - \$350,000
 - o. Net OPEB expense for 2020 - \$5,341,684
 - p. Net OPEB expense for 2021 - \$1,130,462
 - q. Discount rate for 2020 - 4.25%
 - r. Discount rate for 2021 - 6.75%
- d. Decreasing liabilities by \$28 million due to increased discount rate and decreased number of employees, retirees and retiree spouses. Currently 17 retirees, whose future medical claims are unknown. Comprehensive medical and dental insurance, and life insurance are offered
- e. Average active single plan: \$837
- f. Average Medicare supplement plan: \$349 (total cost, which Town pays a percentage of)
- g. Service cost per active employee: \$4550
- h. Increasing liabilities by \$11 million due to updated morbidity and age-related costs of medical care assumption
- i. Healthcare cost inflation is currently 4.5% per year. This is expected to increase
- j. Projected cash flows:
 - a. Currently on the path to be fully funded in 20 years from now. That will free up approximately \$7 million per year in the Town's budget
 - b. Current portfolio is aggressive, with a 75/25 split:
 1. 49% large cap domestic equity funds
 2. 5.5% real estate, 2% in cash and cash equivalents

3. 16% in domestic fixed income
4. 6.25% in small cap domestic equity
5. 10.75% in alternatives
6. 5.5% in international equity – developed market
7. 3% in international equity – emerging market
8. 1.75% international equity – fixed income
- c. Rate of return for year ending June 2020 – 27.58%
- d. Sharon's accounts and investment strategy are managed by Rockland Trust.

3. School Department Financial Update: Year End FY21 and Q1 FY22 – Lisa Freeley, Business Director and Peter Botelho, Superintendent

- a. FY21 available operating budget total: \$46,903,790
- b. FY21 expended: \$46,802,718
- c. Returned to the Town: \$101,072
- d. Revolving accounts, included:
 - a. \$75,948 reserve fund transfer for FY21 early childhood revenue deficit
 - b. \$150,740 reserve fund transfer for FY21 kindergarten revenue deficit
 - c. \$41,750 reserve fund transfer from FY22 Reserve Fund (done in July of 2021) for FY21 kindergarten revenue deficit
- e. During the COVID-19 pandemic, lunches have been provided to all students
- f. Lisa Freeley will provide the Committee with exact kindergarten enrollment numbers
- g. The Committee discussed that these completed reserve fund transfers were only due to the extraordinary circumstances of the pandemic, and there should be no expectation of receiving similar funds this year or in future years. Revolving funds must fund themselves either through increasing fees or decreasing costs.
- h. General fund expenditure report includes spending through November 8, 2021. The year-to-date (YTD) budget report was generated by the Town's financial system (MUNIS):
 - a. Original appropriation: \$47,569,356
 - b. Transfers: \$0 (no transfers yet)
 - c. Revised budget: \$47,569,346
 - d. YTD expended: \$11,575,117.23
 - e. Encumbrances, including salaries through the year: \$32,537,551.88
 - f. Total available budget: \$3,456,676.89.

Upcoming dates for budget work:

- g. December 1: School Committee will vote the FY23 capital submission
- h. December 9: School Committee will give their presentation to Capital Outlay

FY23 operating budget process and timelines:

- a. December '21: Review department FY23 requests
- b. January '22: School Committee fee discussion
- c. January '22: Preliminary FY23 budget proposal
- d. February '22: Public budget hearing
- e. February '22: School Committee FY23 budget approval
- f. March 7, 2022: Finance Committee to hear School budget presentation
- g. Finance Committee requested a preliminary presentation for them to be held at an earlier meeting in order to provide comments to the School Committee prior to the final presentation. This would allow for a more robust financial discussion.

4. Town Financial Update: FY21 Year-end and FY22 Year-to-Date Fiscal Review – Krishan Gupta, Finance Director

Mr. Gupta discussed that they are currently in the process of going through the audit. The tax recap is also in process.

- a. FY21 total general fund budget and transfers:
 - a. Budgeted: \$90,264,826
 1. Realized through June 2021: \$89,929,836 (100%)
 - b. Total funding: \$90,264,826
 1. Realized through June 2021: \$90,767,113 (100.6%)

- 2. Total funding sources consist of taxes, state aid (Cherry Sheet), MSBA, local receipts, ambulance reserves, other transfers, free cash
 - c. Net positive, which will go to free cash: \$837,000
 - d. Total assets, including motor vehicle excise, deferred taxes, etc.: \$19,394,790
 - e. Total fund balances, restricted and unassigned: \$7,767,568
- b. First quarter for FY22:
 - a. Total general fund with transfers:
 - 1. Budgeted FY22 (full year): \$93,961,751
 - 2. Spent through September 2021: \$20,202,829 (22%)
 - b. Total funding: \$93,961,751
 - c. Total assets: \$33,553,606
 - d. Liabilities / deferred revenues: \$19,873,902
 - e. Total fund balances: \$13,679,705
 - 1. The Town has collected more at this point in the fiscal year than we have spent, which is normal
 - f. Legal expenses:
 - 1. \$17,731 so far, but this lags behind the actual number.

The Finance Committee congratulated Mr. Turkington, Mr. Gupta and their team for their excellent work during these extraordinary times, including ending with a surplus.

5. Brief Sharon Gallery Update – Fred Turkington, Town Administrator

- a. Zoning Board voted the framework for a special permit for a mixed-use building for Costco, with a fueling station
- b. Still waiting to receive a permit from the Department of Transportation (DOT) for roadways and a traffic light. The timing of this will determine whether building will start before winter or in March
- c. 7-9 month process for building Costco, so they should be operational in 2022. May not be able to count on revenue until FY23
- d. DOT staff have been working remotely and their processes have been delayed. Hoping the permit will be issued soon.

6. Cannabis Revenue Update:

- a. Total revenue last year: \$553,971
- b. FY22 YTD (4 months): \$364,199. This includes mitigation monies

7. Minutes to be Voted:

Motioned: by Patricia-Lee Achorn, **Seconded:** Gordon Gladstone to approve the August 16, 2021 Finance Committee meeting minutes as written. **Voted:** 8-0-2. William Brack and Ann Keitner abstained.

8. Topics not reasonably anticipated by the Chair in 48 hours: None.

9. Adjournment:

Motioned: by Patricia-Lee Achorn, **Seconded:** Ann Keitner to adjourn. **Voted:** 10-0-0. Meeting adjourned at 9:19pm.