

Finance Committee Meeting Minutes

February 21, 2024

Finance Committee Members Present: Larry Cervelli, Sarah Hamilton, Carol Jolly, Lee Manchester, John Follet

Finance Committee Members Absent: Justin West, Marianne Drake

Public Present: Jennifer Peotter of the Library Trustees; Emma Berman and Noah Berman of Bisbee Road

Scribe/Recorder of Minutes: Nancy Doucette

1. The meeting was convened at 6:09 PM by Mr. Cervelli, who asked everyone present to introduce themselves.
2. Reading of meeting guidelines

Mr. Cervelli read the Finance Committee Meeting Guidelines (see attachment), which include a requirement of consent from all committee members to change the order of the agenda items.

Mr. Cervelli suggested to rearrange the agenda items as follows:

1. Library request for reserve funds
2. Review and acceptance of previous meeting minutes
3. Discussion of public educational sessions regarding the budget development process
4. Discussion of possible replacement of Town accounting software (if time allows)
5. Discussion of budget development (if time allows)

All committee members agreed to the rearranging of the agenda.

3. Library Request for Reserve Funds

Jennifer Peotter of the Library Trustees presented a request for reserve funds to cover wages for part-time staff at the library. The salaried librarian, Cindy Squier, has been on medical leave, and for a while it was unclear if she would be returning to work. In the meantime, an interim director was hired for the month of February, and additional people have been covering her time. The budget would only be over by about \$500 if these wages could be drawn from the salary line of the budget. Now that Ms. Squier is planning to return, reallocating funds from the salary line to the wage line is no longer a viable option. It is unclear at this time if Ms. Squier will be returning to her full hours, and/or if she will need additional part-time support from staff while she is working. Ms. Peotter also noted that there is no ADA compliant bathroom in the library, and an ADA porta potty is being considered as an accommodation.

Ms. Peotter shared copies of her budget worksheet with the committee, illustrating her best estimate of the additional funding needed for the remainder of the current fiscal year. Last pay period, the wage fund was fully expended and half of the wages were paid from the salary line to cover the warrant. The new budget accounts for an assistant earning wages 16 hours per

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week, accounting for 15 open hours at the library, plus a little extra time. Ms. Jolly asked if the Library Trustees have considered reducing the library hours, and Ms. Peotter said that they have not.

There was some discussion that the figures presented were off by one pay period, amounting to an extra \$1,074 paid out to Ms. Squier. It was also noted that the last week in the spreadsheet crosses into the next fiscal year, and that week is listed as the same amount coming out of the FY24 budget. Ms. Peotter will look further into the numbers to clarify this.

Ms. Squier is currently using sick time and vacation time, and is working a few hours each week. She will be out of paid time off by mid-March, which is when she hopes to return. Mr. Manchester noted that with the PTO, she is paid the same amount as when she's working, and it is coming out of the salary line. Ms. Peotter noted that the Town does not currently participate in the Family Medical Leave Act, which could have covered Ms. Squier's salary, leaving money in the salary fund to cover the wage staff; Ms. Jolly agreed that was worth considering.

Mr. Cervelli noted that any unused funds from the wage fund gets returned to Free Cash, therefore it does not cause any problems if the wage fund is not fully expended after receiving a transfer from the reserve fund. Mr. Manchester stated that this is the first request for reserve funds in FY24, so there is \$14,000 in the account. The requested \$5,000 is a large percentage, but it is not unreasonable given the circumstances. If the reserve fund is fully depleted, more can be requested from Free Cash at the town meeting.

Ms. Peotter had completed the Reserve Fund Request Form to request \$5,000, and passed it around to the committee members for review. Mr. Follet suggested that the spreadsheet she prepared be submitted to the accountant as well, to explain the calculations. Ms. Peotter asked for guidance on what to do for the warrant due the following day, since the wage account was already empty. Mr. Manchester advised her to email the Town accountant to ask if she will pay the warrant and mark it in the red until the money is transferred.

Ms. Jolly moved to transfer \$5,000 from the FY24 Reserve Fund to the Library account shown on the reserve request form. Mr. Manchester seconded, and the motion was approved unanimously. There were no comments from the visitors. All were in favor. Ms. Peotter thanked the committee and left at 6:33 PM.

4. Review and acceptance of previous meeting minutes.

The meeting minutes from January 24th had been prepared and distributed by Nancy Doucette on February 14th, however a revised version that incorporated committee member comments was not distributed prior to the meeting. The review and approval of the January 24th minutes will be tabled until the next meeting, and Ms. Doucette will circulate the revised version.

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5. Discussion of Public Educational Sessions Regarding the Budget Development Process.

Mr. Manchester passed around a packet of documentation that included the preliminary budgets for Hampshire Regional School District (HRSD) and Chesterfield-Goshen Regional School District (CGRSD), as well as enrollment figures for those schools and various assessment reduction scenarios for both budgets. Both Mr. Manchester and Ms. Jolly attended the Regional School District's budget meeting and Mr. Manchester attended the Elementary School's meeting at the beginning of February.

Mr. Manchester began by pointing to the anticipated revenue section from the HRSD FY25 Preliminary Budget. There is currently no anticipated revenue from the school district from either the School Choice Revolving Account nor the Excess & Deficiency line in these calculations. These fund sources are discretionary accounts like Chesterfield's Free Cash. It is unknown at this time if funding will be available in those lines, because the school district never closed the books on FY23 and has not gotten its Excess & Deficiency approved by the State. The School Committee has asked for an extension from the State to close the books, get it certified, and get the money in there. Due to Chesterfield's relatively low enrollment in HRSD, the Town will only pay 5.24% of the district's budget, which would be \$538,821 total per the preliminary budget proposed on February 5, 2024; this is an increase of \$30,028 from FY24. If those other revenue sources can be added to the HRSD budget then every town's contribution will be reduced, however Mr. Manchester suggested putting the additional \$30,000 into the budget for now. Ms. Hamilton pointed out that the school is considering two scenarios regarding budgeting for central administration staff, one using outside consultants and the other not. The scenario contained in these budgets is "worst case", i.e., the most expensive option.

The same reduction of revenue in the budget exists for the CGRSD; last year, funding from various revolving funds and Excess & Deficiency were applied to the budget totaling \$170,500, but this year the money in those funds is not yet certified and therefore not reflected in the preliminary budget from February 7, 2024. There is also a notable budget increase due to a disabled student in the school district who qualifies for an "out of district" placement; that student's tuition and transportation is paid for by CGRSD and is non-negotiable. The current budget proposal, with reduced revenue and increase in expenses, results in a 25.64% increase (\$231,991) in Chesterfield's contribution. Mr. Manchester worked with Dawn Scaparotti, Chair of Goshen's Finance Committee, on reduction scenarios for the overall amount of the budget, ranging from \$170k to \$325k, which could be achieved by adding revenue and/or making expense cuts. Mr. Manchester suggested that Chesterfield cannot afford more than an \$85,000 increase to the budget for the elementary school, which would mean that the School Committee would need to reduce the budget by \$300,000. This is a 9.33% increase in the budget, which the

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committee members felt was the limit to what the Town could afford. Mr. Manchester will discuss a recommendation of a \$300,000 reduction with Ms. Scaparotti.

The school districts are planning to hire a consultant, at \$24,000/month, for the remainder of FY24 and all of FY25 to straighten out all of the bookkeeping records and account for the \$400,000 discrepancy. At this time there is no criminality suspected, rather it appears to have been a competency issue. Mr. Manchester floated the idea of asking that the contractor cost be pulled out of the operating budget, since it is a limited, one-time cost (similar to the replacement of the roof on New Hingham Regional Elementary School) rather than a recurring operating cost. The Chesterfield portion of the contractor cost would be \$7,000 for HRSD and only \$1,500 for CGRSD, which is not a substantial amount of savings, and asking for it to be paid out of Free Cash would require a vote, which could fail. It was noted that it could be challenging to explain it to the public, but that the superintendent and principal regularly come to the town meeting and they would be asked to explain it. Mr. Manchester will discuss this proposal with the Select Board.

There was some discussion about the HRSD teacher contract negotiations, since the teachers do not currently have a contract. Meeting visitor, Ms. Berman, a teacher at Hampshire Regional High School, confirmed that the teachers are seeking a higher cost of living adjustment than the 2.5% proposed by the school, and better parental leave. She also expressed that morale among teachers has been waning, and the work environment has been demoralizing, given that they have received a 1% raise annually for 20 years.

Mr. Berman asked if the towns might collectively ask that the school district pull the contractor line out as a fix-it cost, instead of a budget item, as Chesterfield is considering. Mr. Manchester explained that all towns do not have to do it the same way. It would work well for Chesterfield due to the high balance in Free Cash, however that may not be the case for all towns, like Goshen. Mr. Follet referenced Chesterfield's land auction from a few years ago that generated approximately \$250,000 from the sale of four parcels (totaling about 40 acres), all of which went into Free Cash rather than being allocated. Free Cash is an unpredictable fund, with no effect on taxes; taxes are based on annual expenses.

Mr. Follet thanked Mr. Manchester for the packet about the school district budgets, and for presenting the complex situation in a way that could be understood.

Mr. and Ms. Berman left the meeting at 7:30 PM.

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6. Discussion of possible replacement of Town accounting software.

Mr. Manchester stated that he would like to invite the Treasurer and Tax Collector to a future meeting to talk about replacing the town accounting software. Goshen is currently doing that and was able to use a grant to subsidize the cost, which totaled about \$65,000.

7. Discussion of budget development with selected Town departments based on look-back findings.

Mr. Manchester and Mr. Cervelli have begun inputting figures into the budget based on the proposals that have been received so far, although not all Town entities have submitted their budget requests yet. Mr. Cervelli noted that no justifications were provided from those requesting increases to their budgets. The Fire Department and Select Board are two groups that will be asked to come to Finance Committee meetings to discuss their budgets. Mr. Manchester will input the amounts discussed for the school budgets, and will have a more complete budget by the next meeting.

8. Next Meeting

Wednesday, February 28, 2024 at 6:00 PM at the Community Center.

The committee also scheduled meetings for Thursday, March 7th; Tuesday, March 12th; Wednesday, March 20th; and tentatively Wednesday, March 27th, all at 6:00 PM.

Ms. Jolly moved to adjourn the meeting at 7:44 PM. Mr. Follet seconded the motion, and all were in favor.

Respectfully submitted,

Nancy Doucette

Accepted by: Finance Committee

Date: 3/7/24

Submitted by: Nancy Doucette

Date: 3/11/24

Attachment 1: Finance Committee Meeting Guidelines

Attachment 2: School Budget Scenarios