

August 11, 2022

To: MERSD School Committee (SC)

From: Avi Urbas, Director of Finance & Operations

Copy: Pam Beaudoin, Superintendent of Schools

Re: Financial Package for 8/16/22 School Committee Meeting

Hello, MERSD School Committee.

Attached please find financials for the 8/16/22 School Committee Meeting. This includes audit materials from the FY21 audit and FY22 and FY23 vouchers.

FY21 Audit Materials

The FY21 auditor package contains 4 reports that I have consolidated into a single PDF file:

- Basic Financial Statements (pp. 1-60). This is the “audit” report. A couple of key highlights:
 - Clean audit, no findings (pp. 3-4 of the PDF).
 - Balance Sheet, p. 16
 - Income Statement, p. 18
 - Debt summary p. 32
 - Pension and OPEB information in great detail throughout the report, including appendix
- DESE End-of-Year Financial Report Audit (pp. 61-63)
 - Clean audit – no findings (p. 63)
 - This DESE report requires all school districts to classify every dollar of income and expense, each fiscal year, by source of fund and by use category, with detailed breakdowns required by school, and by regular vs. special education uses. The report is very large and typically takes more than a week to prepare. Data provided becomes the basis of analysis reports that are available on the DESE web site for all communities in MA, including per-pupil expenditures, average teacher salaries, and spending comparisons between districts. MERSD highlights this comparable data in our annual budget brochure.
- Reports on Federal Award Programs (pp. 64-72)
 - Clean audit, no findings (pp 65-66 and p. 72)
 - This report is not required every year. Instead, it is required if total dollar level of federal grants received exceeds a certain threshold. MERSD is not typically eligible for this level of grant funding, as federal grants are need based, and due to the economic demographics of our member communities, we are frequently eligible for only minimal federal funding. In FY21, however, federal COVID aid put MERSD over the threshold. Still, total COVID funding received was less than pandemic-related expenditures to reopen and operate MERSD schools, leaving MERSD to fund approximately \$200K+ of COVID spending from reserves.
- Management Letter (pp. 73-80)
 - This report provides recommendations from prior and current year review on how to improve management practices as it relates to internal controls. The business office uses this helpful information as a roadmap for strategic/operation planning priorities each year. The FY21 letter compares very favorably with prior year letters that had many more areas for improvement. Of all the reports, I recommend that School

Committee read this report as a priority as it always provides suggestions for improvement, no matter how well things are going, which we like.

- The auditors continue to recommend implementation of financial policies, particularly related to reserve use. S&P reaffirmed this sentiment when they upgraded our bond rating to AA+ and identified areas that might help us earn an upgrade to AAA rating. This is an opportunity for the Policy Subcommittee that aligns with our preference to refrain from using one-time reserve funds as a revenue source for recurring operating funds, as we have recently begun to do again, due to the limitation on town assessment growth per Proposition 2.5.

Vouchers:

FY22 V1074: \$15,828.30 transfer requested from the High School Student Activity (SA) savings account to replenish their checking account for spending in June. A copy of checks written since the most recent, prior transfer is included in the excel documentation (see V1077 for May checks, below).

FY22 V1075: \$298K invoices approved by the MMES School Building Committee at their most recent meeting, on 7/12/12, for services rendered through June 2022, including:

- \$468 to Owner's Project Manager (OPM), Dore & Whittier, for sub-contractor Turner Consulting's "owner's testing" in June. This is work our OPM supervises, on our behalf, to confirm work performed by the contractor, WT Rich, and approved by architect JCJ, meets the necessary performance criteria.
- \$4.6K to JCJ project architect, for work performed by sub-contractor Samiotes for presentations to the Manchester Conservation Commission in May related to changes in site plantings.
- \$293K to WT Rich for construction services in June. Remaining budgeted construction costs total \$918K of which \$799K is retainage (the 5% withholdings from contractor contract value that is not released until all final 'punch list' items are 100% complete).

FY22 Voucher 1076: just 12 Accounts Payable (AP) invoices from FY22, totaling \$7.4K as we continue to close out final year-end obligations. Highlights include \$1.2K to Amazon for Essex Elementary School (EES) library purchases, funded by a gift from Friends of EES via proceeds from the spring book fair; \$2.2K to Ambient Temperature Corp. for plumbing work at EES; and \$948 to CDW for the final backordered mobile cart for Promethean interactive boards installed at EES, via the stabilization-funded technology 'equalization' project.

FY22 V1077: \$24,321.17 transfer requested from the High School Student Activity (SA) savings account to replenish their checking account for spending in May. This transfer request actually preceded the request with V1074 for a June transfer, despite the order of the voucher numbers. A copy of checks written since the prior transfer is included in the excel documentation.

FY22 V1078: \$3,299.60 transfer requested from the Middle School Student Activity (SA) savings account to replenish their checking account. A copy of checks written since the most recent, prior transfer is included in the excel documentation. Of note, checks written totaled \$4,465.48, but only \$3,299.60 was available in the savings account at the time of the transfer request for new, future spending/checks.

FY23 Voucher 1006: main AP voucher for FY23 expenses, totaling \$136K – another smaller voucher reflecting frequent AP vouchers in the past month. Payments include:

- Curriculum & Technology
 - \$4.5K to Amazon for various classroom supplies across all buildings (average order size \$224)

- \$5.3K to Brightly software for “FS Direct” facilities rental calendar and invoicing software (\$3.3K) and for Crisis Manager emergency action plan publisher software licenses for all staff (\$2K). FSDirect license is funded by proceeds from rental fees we earn in the Facilities Rental revolving fund.
- \$7.6K to Dell for port replicators in all MSHS classrooms (approximately 70 units at \$100+ each). With the migration to laptops for staff during the COVID remote learning phase, we have struggled to efficiently wire classrooms for connectivity to peripherals (e.g., monitors, projectors and classroom speakers), and these replicators will greatly facilitate/simplify each classroom setup.
- \$4.5K to Docusign for annual license. The number of signature packets we used in the prior year (1.2K+) bumped us to the next license level. HR and Special Ed are two significant use areas.
- \$2.9K to Gov Connection for Adobe Creative Cloud licenses for all students, grades 6-12, which includes capabilities for graphic design, video editing, web development, and photography.
- \$2.2K to Learning Without Tears for K-3 writing and handwriting materials
- \$5.7K to McGraw Hill for annual consumable materials (e.g., journals/workbooks) for math curriculum
- \$20.6K to X2 Development Corp for annual license of our Student Information System (SIS) database, Aspen. Our SIS contains all student, family, and staff records, including report cards, schedules, IEPs and also interfaces dynamically with DESE databases for real-time reporting requirements on student enrollment (“SIMS”) and staffing (“EPIMs”).
- \$12.9K to Endicott College for 1st trimester cost of 2 graduate fellows. The annual cost is \$19K per fellow. This program has been in place at MERSD for several years. These are graduate students working towards a Masters, who as part of their graduation requirements work with MERSD to get clinical experience. This provides us with soon-to-be teacher quality support for less than the cost of a Teaching Assistant. In some cases, they are already certified teachers working towards an advanced degree.
- Athletics:
 - \$5K to HUDL for annual license for film review technology for all sports
 - \$8.6K annual Cape Ann League Dues and \$4.6K annual MIAA (statewide athletics association) dues.

FY23 Voucher 1007: there is no voucher 1007. This voucher was voided by our AP department during pre-processing.

FY23 Voucher 1008: \$135.90 September employer contribution to Medicare for legacy retirees.

Please let me know if you have any questions.

Best regards,

Avi Urbas