

Town of Trumbull, CT  
Education Department  
Operational Review

Report on the Results of the  
Procedures Performed

For the Periods July 1, 2017 to June 30, 2018,  
July 1, 2018 to June 30, 2019  
and July 1, 2019 to June 30, 2020

October 30, 2020



# Town of Trumbull, Connecticut

## Education Department Operations Review

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# Town of Trumbull, Connecticut

## Education Department Operations Review

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## **Scope of Services**

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## **Scope of Services**

The requested scope of service was as follows:

1. We will review and analyze the Town Charter, ordinances and State Statutes as they relate to the Board of Education to determine compliance with related regulations.
2. We will perform a review of the accounting procedures as necessary to identify the current budgetary practices and internal financial controls and provide recommendations for best practices. Specifically, in the areas of purchasing, payroll and accounts payable, financial reporting, budget process, budget amendments and transfers, journal entries and systems utilization (Munis and Nova-time).
3. We will examine the Board of Education's records and financial reports and determine whether the total expenditures stayed within the amounts appropriated in the final adopted budget from fiscal years 2018 to present. Accounts specifically to be reviewed will include the following:
  - a. Health insurance coverage
  - b. Payroll for the general fund, lunch program and special revenue funds
    - This will specifically include paras, sub para, custodians, security guards and maintenance employees
    - We will determine how employees are hired, budgeted and what benefits were offered
    - Transportation for both public and private
  - c. Special Education Costs
  - d. Energy financing and utilities specifically as it relates to the financing with Bank of America. We will obtain and review the recently performed internal audit report that has been completed as a starting point.
4. We will obtain and review the purpose and status of any other loans entered into by the Board of Education, including TD Bank. We will also obtain and review any capital leases entered into by the Board of Education
- e. Systems utilization (Munis, Nova-time)

## **Scope of Services**

5. We will obtain an understanding of the current budgetary practices and internal financial controls of Trumbull Public Schools and identify opportunities for improvement.
6. If necessary, we will recommend additional procedures or changes to the scope of services that we believe should be performed or would provide the Town information that is requested in the scope of services. Any additional procedures will require written approval by the Town.

The additional procedures that were performed at the Town's request were as follows:

- a. Review of additional fiscal year activity for the energy project
  - b. Review of the claim by the City of Bridgeport regarding the amounts due from Trumbull Board of Education
  - c. Review of the "reserve for reallocation" budget line for the fiscal years 2018 through 2021
7. We will also make recommendations for opportunities to increase efficiency and upgrade to best practices.

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## **Executive Summary**

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## **Executive Summary** **Findings and Recommendations**

Below is an executive summary of the findings and recommendations by category. Each section of the report contains the results of the procedures and detailed analysis performed and related recommendations.

### **Budget Development, Management and Monitoring**

Based upon our review, we noted that the District's current process for budget development, budget documentation, budget management and monitoring is not adequate.

We recommend that the District:

- A. Develop and implement a comprehensive budget development policy. The policy should address the following items:
  1. Budget format (overall, detail, supporting schedules, etc.)
  2. Types of required budget support for each significant area or type of expenditure (salaries, benefits, special education, transportation, etc.)
  3. Budget methodology for significant budget areas or types of expenditures and methodology for accounts that may not have budget support
  4. Requirement to provide and review at a minimum of 3 years of prior year actual expended amounts and require justification for budgeting less than the 3 year average
  5. Responsibilities of Department Heads and the Board of Education
  6. Capital replacement plan
  7. Prohibit the use of negative budget amounts to balance the budget
  8. Approval of and the use of special revenue funds and of any transfers that will support the annual operating budget
- B. Develop and implement a formal process for monitoring the changes in the District that have a significant impact on the budget. The three most significant areas that we noted need to be monitored on a real time basis are as follows:
  1. Salaries and benefits (new hires and terminations)
  2. Overtime
  3. Special Education Cost

## Executive Summary Findings and Recommendations

### **Budget Development, Management and Monitoring**

C. Budget for known costs including extra sub paraprofessionals and retirement payout for vested sick time and other retirement benefits

### **Compliance**

Based upon our review, we recommend that the District implement procedures to ensure compliance with:

- State Statutes regarding budget transfers
- Town Charter regarding the issuance of debt
- Town purchasing policy for quote and bid requirements

### **Financial Reporting**

Based upon our review, we recommend that:

- The Board of Education receive and review financial information for all District activity on a monthly basis. The Board's current policy does not require the Board receive reports for the following funds:
  - a. School lunch fund
  - b. Grant fund
  - c. Transportation fund
- The Board receive monthly detailed reports (all accounts) from the District's financial software for the budget (budget and actual). If necessary, management can provide a supplemental report to support the review and discussion by the Board
- The Board formally approve any use of resources from other funds (special revenue funds, school lunch fund, etc.)

### **Special Education**

Based upon our review, we recommend that the District:

- Formally document the amounts included in the proposed budget
- Revise its procedures for estimating and entering cost information into the State Department of Education excess cost system to be only the students expected to exceed the minimum threshold for reimbursement

## Executive Summary Findings and Recommendations

### **Special Education**

- Develop and implement a form be developed and implemented to estimate the total cost for identified excess cost students and to account for the actual cost of the student for audit purposes and final reporting to the State
- Develop and implement formal procedures to monitor special education costs and a formal process for communication to the Finance Department to adjust budget projections and actual budget lines as necessary

### **General Ledger and Accounting**

Based upon our review and the procedures we performed, we recommend that the District:

- Properly record all transactions gross vs net in accordance with generally accepted accounting principles
- Properly recorded equipment financing notes principal and interest payments as debt service vs in equipment accounts (establish budget accounts)
- Record capital project fund activity in a separate capital project fund (financing) or submit the project to the Town for approval
- Record all education grants in the education grant fund vs netting against budgeted expenditures
- Implement procedures or additional training to ensure that purchases are recorded in the proper budget account
- That future projects be formally approved by the Town (capital project authorization).
- Consider revising/updating the current chart of accounts

### **Special Revenue Funds**

Based upon our review and the procedures we performed, we recommend that the District:

- Properly monitor special revenue funds activity and limit expenditures charged to each program to the available balance. Any disbursements in excess of available funds should be charged to the education budget
- Develop and implement formal policies for each fund regarding the allowable use of each fund. Any amounts used for any purpose other than the activity of the fund should require formal Board of Education approval
- Develop a plan to eliminate the deficits for the remaining special revenue funds

## Executive Summary Findings and Recommendations

### **Special Revenue Funds**

- Review the current special revenue funds to determine:
  1. Whether the program should be reported as a special revenue fund or general fund budget line
  2. Whether funds with positive balances that are not restricted for a particular purpose can be used to address the funds with deficit fund balances
  3. Whether the fund should be recorded in another fund (THS funds)

### **Cafeteria Fund**

- Review the process of budgeting amounts to be transferred from the Cafeteria fund and that any transfer be approved by the Board. Transfers should be dependent on the availability of fund balance.

### **Munis**

Based upon our review, we recommend that the District:

- Review system rights for all employees to ensure that employees have the minimum rights that are necessary to complete their job function
- Restrict employees in the accounting department not have unrestricted administrative rights
- Provide access to the IT Director/Department to the Munis software system and the IT Department monitor log activity
- Review the current chart of accounts for compliance with the State of Connecticut uniform chart of accounts and for functionality and management reporting purposes
- Implement the use of the Human Resources Management module and employee self-serve functionality

### **Nova-time**

We recommend that the District develop a strategy to identify a plan and the necessary resources required to complete the implementation. Automation of the payroll process will create efficiency and reduce potential errors as compared to entering data manually.

## **Executive Summary**

## **Findings and Recommendations**

### **Internal Control Improvements**

#### **A. Purchasing**

Based upon our review, we recommend that the District:

- Implement procedures to comply with the Town's purchasing policy requirements
- Comply with the District policy for requiring purchase orders for all purchases

We recommend that the Town conduct a formal detailed training for District employees on the requirements of the Town's purchasing policy.

#### **B. Payroll/Human Resources**

- Implement procedures to properly segregate duties regarding access to employee pay rates

#### **C. Cash Receipts**

- Implement procedures to recorded revenues based upon transactions and register reports or other supporting records vs the amount deposited

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**Review of Town  
Charter, Ordinances  
and Education  
Related State  
Statutes**

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## **Compliance with Charter, Ordinance and State Statutes Related to Education**

### **Procedures**

We reviewed the Town Charter, ordinances and State Statutes and determined the following items to be tested for compliance:

1. Purchasing
2. Budget transfers
3. Issuance of debt

#### **1. Purchasing**

##### **Procedures**

For the transactions tested for accounting procedures performed in item 4 of the scope of services, we requested a listing from the Town's Purchasing Department for all bids/RFP's that were issued by the Education Department to determine compliance with the Town's purchasing policy.

The Town's purchasing policy requires that all purchases over \$10,000 be properly bid, unless a bid waiver is approved.

##### **Results of Procedures Performed**

Based upon our testing, we noted the following:

Of the 48 transactions tested that we determined were required to be bid, 17 purchases were made without being bid in accordance with the Town's purchasing policy.

See the details of the transaction testing performed on **Exhibit 1**.

##### **COS-1 Recommendation**

We recommend that the Education Department immediately implement procedures to comply with the Town's purchasing policy.

##### **COS-2 Recommendation**

Due to the certain unique aspects of education related purchases, we recommend that the Town and District review the current purchasing policy and update the policy to address specific education related exemptions to the Town's purchasing requirements.

## Compliance with Charter, Ordinance and State Statutes Related to Education

### **2. Budget Transfers**

#### **Background**

Budget transfers are governed by Connecticut General Statutes 10-222 and Board policy.

“Except as provided in this subsection, any such board may transfer any unexpended or uncontracted-for portion of any appropriation for school purposes to any other item of such itemized estimate.

Boards may, by adopting policies and procedures, authorize designated personnel to make limited transfers under emergency circumstances if the urgent need for the transfer prevents the board from meeting in a timely fashion to consider such transfer.

All transfers made in such instances shall be announced at the next regularly scheduled meeting of the board and a written explanation of such transfer shall be provided to the legislative body of the municipality or, in a municipality where the legislative body is a town meeting, to the board of selectmen.”

Definition in the last paragraph of statute:

**“itemized estimate”** means an estimate in which broad budgetary categories including, but not limited to, salaries, fringe benefits, utilities, supplies and grounds maintenance are divided into one or more line items.”

Itemized estimate equates to object level or the nine budget categories used by the Board of Education.

The Board of Education’s non-emergency transfer policy is as follows:

- Under non-emergency circumstances, the Superintendent and the Business Manager have the authority to transfer funds between any budget object codes in an amount not to exceed \$25,000
- All non-emergency transfers over \$25,000 shall be reviewed by the Superintendent and the Business Manager to determine if the expenditures that would require such transfer are of a mandatory or discretionary nature
- Mandatory non-emergency transfers include, but are not limited to, those related to expenditures required by state statute, such as IEP or due process expenditures. The Superintendent or the Business Manager may authorize any mandatory non-emergency transfer over \$25,000, but shall provide a detailed report on any such transfer at the next Regular Meeting of the Board of Education

## **Compliance with Charter, Ordinance and State Statutes Related to Education**

### **2. Budget Transfers**

- All discretionary non-emergency transfers over \$25,000 require prior authorization from the Board of Education.

#### **Procedures**

- We reviewed the expenditure budget and actual report for the fiscal years 2018 through 2020 and noted the budget lines that had transfers. We then reviewed the minutes to determine if the transfers were properly approved.
- We reviewed the Board of Education policies and procedures for the approval and recording of budget transfers

#### **Results of Procedures Performed**

The results of our procedures regarding year end budget transfers are as follows:

- Based upon our review of the minutes, there were no budget transfers approved for fiscal years ended June 30, 2018 and June 30, 2019.
- The Board of Education is not in compliance with State Statutes 10-222 for budget transfers and the Board of Education budget transfer policy.
- Details of the procedures performed are included in **Exhibit 2**.

#### **b. Fiscal Year Ended June 30, 2018**

- For fiscal year ended June 30, 2018, we noted additional appropriations totaling \$90,418 to the Services - professional and technical object line for special education legal services.

We were unable to agree the transfer to the minutes to document proper approval.

- We noted that the original budget column in the general ledger did not agree to the June 30, 2018 audit report. The difference was \$1,399,582. The final budget did agree to the audit report
- We noted that 5 of the 8 objects were over expended. Over expenditure of budget objects is a violation of State Statutes and also violates the Board of Education policy number 3160 on budget transfers

## **Compliance with Charter, Ordinance and State Statutes Related to Education**

### **2. Budget Transfers**

#### **c. Fiscal Year Ended June 30, 2019**

- There were no budget transfers noted.
- The actual amount for the transfer object line was \$1,517,861. This amount was the excess cost grant recorded as a credit to expenditures as allowed for budgetary purposes under state statutes. This amount should have been recorded against the appropriate special education budget lines that were over expended.
- We noted that 4 of the 9 objects were over expended. Over expenditure of budget objects is not allowed under state statutes and also violates the Board of Education policy number 3160 on budget transfers.

#### **d. Fiscal Year Ended June 30, 2020**

- We noted a total of \$122,700 of budget transfers recorded in the general ledger. Of the total, we agreed \$29,200 to proper approval in minutes. We were unable to find evidence in the minutes that the balance of the transfers were properly approved.
- We noted that 3 of the 9 objects were over expended. Over expenditure of budget objects is not allowed under state statutes and also violates the Board of Education policy number 3160 on budget transfers.
- The transfer object is a negative budget amount. This represents the anticipated excess cost reimbursement amount.

#### **COS-3 Recommendation**

We recommend that the District immediately begin complying with State Statutes and their policy regarding budget transfers.

#### **COS-4 Recommendation**

We recommend that if and when the Education Department records the excess cost grant as a credit to expenditures that the credit be posted to the overspent special education budget lines.

We also recommend that the excess cost grant be recorded in the grants fund so that all activity is presented gross in the financial statements.

## **Compliance with Charter, Ordinance and State Statutes Related to Education**

### **3. Issuance of Debt**

#### **Background**

The Town's Charter Section VI requires that the issuance of bonds be approved by the Board of Finance and Town Council.

The Town's Charter does not specifically address the issuance of other types of debt, but, generally, the authorization process to issue any type of debt would be the same as for the issuance of bonds.

We are unaware of any state statutes that allow an Education Department to issue debt without the Town's approval.

#### **Procedures Performed**

We reviewed the energy performance note payable (Bank of America note) and the TD Bank notes payable agreements.

#### **Results of Procedures Performed**

Based upon our review, we noted the following:

- The Bank of America note was approved by the Town and signed by the Town's Finance Director.
- The TD Bank notes payables (6) were not approved by the Town and were note agreement were by the Business Manager.

#### ***COS-5 Recommendation***

We recommend that the Board of Education comply with the Town Charter and obtain proper authorization to issue notes (debt).

#### ***COS-6 Recommendation***

We also recommend that the Town consider for the next charter revision updating of Section VI to address all types of debt issuances.

**Trumbull Public Schools****Summary of Results****Results of Education Budget Fund Disbursements Testing**

	2018	2019	2020	Total Tested
<b><u>Bidding</u></b>				
Subject to bid/quote requirements:				
Properly bid	9	13	9	31
Not properly bid	6	2	4	12
Not subject to bid requirements	30	22	30	82
Totals	45	37	43	125
<b><u>Purchase orders</u></b>				
Purchase order issued	18	21	20	59
No purchase order issued	27	16	23	66
Totals	45	37	43	125
<b><u>Proper account charged</u></b>				
Disbursement charged to appropriate account	36	33	32	101
Disbursement charged to incorrect account	9	4	11	24
Totals	45	37	43	125
Total amount charged to incorrect account	\$ 21,865	\$ 34,248	\$ 44,947	\$ 101,060
<b><u>Disbursement exceptions</u></b>				
Disbursements charged to incorrect period	2	-	1	3
Total amount charged to incorrect period	\$ 34,141	\$ -	\$ 79	\$ 34,220

**Trumbull Public Schools**

**Summary of Results**  
**Budget Transfers Testing**

<b>Budget Category</b>	<b>Object Code</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Difference</b>	<b>Transfer Amount</b>
<b>Fiscal year ended June 30, 2018</b>					
Salaries	100	\$ 68,544,510	\$ 68,876,795	\$ (332,285)	\$ 36,200
Benefits	200	14,358,249	14,640,407	(282,158)	-
Services - professional and technical	300	1,390,419	1,343,731	46,688	90,418 (1)
Services property	400	1,727,885	1,819,927	(92,042)	(132,480)
Other purchased services	500	9,836,481	9,706,781	129,700	(39,200)
Supplies	600	3,043,030	2,487,529	555,501	(56,520)
Property	700	1,425,283	1,445,079	(19,796)	192,000
Debt service/other	800	97,739	102,123	(4,384)	-
Transfers	900	-	-	-	-
<b>Total</b>		<b>\$ 100,423,596</b>	<b>\$ 100,422,371</b>	<b>(2)</b>	<b>\$ 1,225</b>
		Budget object over spent. State Statutes require that the Board of Education approve budget transfers between objects..			
	(1)	Special education legal services line			
<b>Fiscal year ended June 30, 2019</b>					
Salaries	100	\$ 70,695,966	\$ 71,320,483	\$ (624,517)	\$ -
Benefits	200	15,253,370	15,541,030	(287,660)	-
Services - professional and technical	300	1,445,939	1,381,054	64,885	-
Services property	400	1,743,564	2,035,072	(291,508)	-
Other purchased services	500	10,196,069	11,039,270	(843,201)	-
Supplies	600	2,645,581	2,482,135	163,446	-
Property	700	1,456,557	1,167,282	289,275	-
Debt service/other	800	99,681	88,262	11,419	
Transfers	900	-	(1,517,861)	1,517,861	-
<b>Total</b>		<b>\$ 103,536,727</b>	<b>\$ 103,536,727</b>	<b>(2)</b>	<b>\$ -</b>
		Budget object over spent. State Statutes require that the Board of Education approve budget transfers between objects..			
	(2)	Agrees to audit report- Education operational expenditures			

**Trumbull Public Schools**

**Summary of Results  
Budget Transfers Testing**

Budget Category	Object Code	Revised Budget	Actual	Difference	Transfer Amount
<b>Fiscal year ended June 30, 2020</b>					
Salaries	100	\$ 72,415,524	\$ 72,269,197	\$ 146,327	\$ (70,000)
Benefits	200	16,647,266	16,784,979	(137,713)	(20,000)
Services - professional and technical	300	1,423,993	1,287,332	136,661	-
Services property	400	1,608,640	1,787,733	(179,093)	-
Other purchased services	500	10,694,769	10,217,433	477,336	(32,700) (3)
Supplies	600	2,612,288	2,250,797	361,491	-
Property	700	1,561,986	1,432,463	129,523	-
Debt service/other	800	86,166	88,398	(2,232)	-
Anticipated surplus	900	122,700	-	122,700	122,700 (3)
Excess cost reimbursement	900	(1,055,000)	-	(1,055,000)	-
<b>Total</b>		<b>\$ 106,118,332</b>	<b>\$ 106,118,332</b>	<b>\$ -</b>	<b>\$ -</b>
		Budget object over spent. State Statutes require that the Board of Education approve budget transfers between objects			
	(3)	Budget transfers approved for \$29,200			

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**Review of  
Accounting  
Procedures and  
Internal Controls**

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## **Review of Accounting Procedures and Internal Controls**

### **Procedures**

- We reviewed the accounting procedures as necessary to identify the current budgetary practices and internal financial controls and have provided recommendations for best practices for the following areas:
  - Purchasing
  - Payroll/Human Resources/Insurance and Benefits
  - Accounts payable
  - Cash Receipts
  - Financial reporting
  - System utilization of Munis
  - System utilization of Nova time
  - Journal entries
- Budget process (See Review of Budget Development, Budget Transfers and Actual Expenditures section)
- Budget amendments and transfers (See Compliance Section and Review of Budget Development, Budget Transfers and Actual Expenditures section)
- The review and evaluation was performed via interview of the District employee responsible for each area noted above and included review of relevant documents as applicable.
- Recommendations are provided for each area listed above, if applicable

## **Review of Accounting Procedures and Internal Controls**

### **Purchasing**

#### **Background**

We tested compliance with the Town's purchasing policy in the Compliance with Charter, Ordinance and State Statutes Related to Education section.

#### **PUR-1 Condition**

Based upon the testing performed, we determined by review of the Town's bid and quote listings obtained for the Town Purchasing Department, that 12 of transactions that were appeared to be subject to bid requirements were not properly bid.

#### **Recommendation**

We recommend that the District immediately implement procedures to comply with the Town's purchasing policy.

#### **PUR-2 Condition**

Currently, not all departments are following the Board's policy requiring the use and approval of purchase requisitions/purchase orders for all purchases.

#### **Recommendation**

We recommend that the District immediately require the use of purchase requisitions and purchase orders to document the approval for all purchases in accordance with the Board's policy. This should include all purchases made with the District credit card.

### **Payroll**

#### **Background**

In prior years, the Payroll Department consisted of 2 positions, The Payroll Supervisor and the Payroll Analyst. The payroll analyst position has been unfilled for the more than a year. For each time period, timesheets are entered into the payroll software and balanced. Most employees are paid via direct deposit and, therefore, a very limited number of actual checks are processed.

The Payroll Department has access to and enters employee pay rates.

The Payroll Department also processes unemployment claims.

## **Review of Accounting Procedures and Internal Controls**

### **Payroll**

#### **PAY-1 Condition**

Currently, the Payroll and Insurance Manager processes the payroll and has the ability to change employee pay rates.

#### **Recommendation**

We recommend that the Payroll and Insurance Manager be restricted from the rights to change employee pay rates. All employee rates should be updated by the Human Resources Department based upon authorized payroll change forms.

In addition, we recommend that a payroll change report be produced, reviewed and approved by the Human Resources Department to verify that all changes were authorized. The review and approval should be formally documented.

#### **PAY-2 Condition**

Currently, the payroll register is not reviewed and approved prior to the payroll being processed.

#### **Recommendation**

We recommend that the payroll register be reviewed and approved by the Business Office prior to the final processing.

#### **PAY-3 Condition**

Currently, the Payroll Department has an open position that is important to the proper functioning and internal controls of the department.

#### **Recommendation**

We recommend that the District consider filling the vacant position in order that the Department has the resources necessary to ensure proper and accurate payroll processing, allow for proper monitoring and to allow for proper internal controls. This will also allow for adequate cross training and back up for the position.

#### **PAY-4 Condition**

Currently, the Payroll Department processes unemployment claims.

#### **Recommendation**

We recommend that the Human Resources Department process unemployment claims with the necessary support provided by the Payroll Department.

## **Review of Accounting Procedures and Internal Controls**

### **Payroll**

#### **PAY-5 Condition**

Currently, the Payroll Department enters employee timesheets manually.

#### **Recommendation**

We recommend that the District implement procedures to automate entry of timesheets.

### **Human Resources**

#### **HR-1 Condition**

Currently, the Human Resources Department does not enter employee pay rates and does not verify the changes to the payroll master file made by the Payroll Department.

#### **Recommendation**

We recommend that the Human Resources Department enter employee pay rates and pay rate changes. We also recommend that the payroll change report be produced, reviewed and approved by the Department. The review and approval should be formally documented.

#### **HR-2 Condition**

As part of our review of terminations and hires, we were provided a spreadsheet by the Human Resources Department that was used to document hiring and termination activity. The information on the spreadsheet was not complete with respect to the salary amounts.

#### **Recommendation**

We recommend that the Human Resources Department implement procedures to properly update all the information in the spreadsheet.

We also recommend that the spreadsheet be made available or sent to the Business Office for the purpose of monitoring the changes in the salary budget in order that requests for new positions can be properly evaluated.

We recommend that requests for new positions should only be approved if a funding source is identified.

## **Review of Accounting Procedures and Internal Controls**

### **Human Resources**

#### **HR-3 Condition**

Currently, the employee self-service function of the human resources software program is not being used.

#### **Recommendation**

We recommend the District implement the employee self-serve function of the software to create efficiency and timeliness.

### **Insurance and Benefits**

#### **IB-1 Condition**

Currently, the Insurance and Benefits Coordinator controls the complete process for the billing, collection and updating of accounts receivable for retiree insurance billings.

#### **Recommendation**

We recommend that the process of billing, collection and updating accounts receivable records be properly segregated.

### **Accounts Payable**

#### **AP-1 Condition**

During our testing we noted that not all vendor invoices are mailed to the Business Office.

#### **Recommendation**

We recommend that all invoices be mailed to the Business Office and not the schools or other departments.

#### **AP-2 Condition**

During our testing we noted the not all invoices were cancelled to prevent reprocessing.

#### **Recommendation**

We recommend that all invoices be cancelled to prevent the possibility of reprocessing.

## **Review of Accounting Procedures and Internal Controls**

### **Accounts Payable**

#### **AP-3 Condition**

Currently, are not secured before being picked up to be mailed.

#### **Recommendation**

We recommend that all invoices that are to be mailed be secured to ensure that they are not misappropriated.

### **Cash Receipts**

#### **CR-1 Condition**

Currently, cash receipts for student activities, school lunch fund and athletics are recorded based upon the amount deposited.

#### **Recommendation**

We recommend that revenue be recorded, where possible, based upon a register report or other supporting documentation and that deposits be reconciled to the revenue amount recorded. For the school lunch program, a cash short and over account should be used to monitor any shortages.

#### **CR-2 Condition**

Currently, the Revenue Clerk is responsible for all of the accounting for the school lunch fund, recording revenues, cash receipts, accounts receivable and collections, and recording activity in the general ledger.

#### **Recommendation**

We recommend that the processing of billing, collections, recording activity in the general ledger, updating accounts receivable and preparation of the bank reconciliation be properly segregated.

## **Review of Accounting Policies and Procedures**

### **CR-3 Condition**

Currently, when monies are transmitted for deposit that are not in sealed bags, there is no counting of the monies in the presence of the employee transmitting the monies and no receipt is provided at the change in custody.

### **Recommendation**

We recommend that when all monies are transmitted that the monies be counted in the presence of the employee transmitting the monies and that the employee be provided a receipt documenting the amount transmitted.

### **Financial Reporting**

#### **Background**

The Board of Education is being provided a status report formatted in excel vs the expenditure budget and actual report from the general ledger software. This is the only financial status report the Board is currently provided.

The District's Policy 3453 states:

Finance Committee will review accounting reports on each special account at each regular meeting and then at the subsequent meeting of the full Board of Education.

Special accounts are identified in the policy as:

1. Student activity funds 100 accounts
2. Special revenue funds 205 accounts
3. Scholarship/award funds 300 accounts

### **FIN-1 Condition**

Currently, the Board of Education is provided reports formatted in excel vs the expenditure budget and actual report from the general ledger software.

### **Recommendation**

We recommend that the Board of Education be provided the complete expenditure budget and actual report from the general ledger software. Additional summarized reporting could also be provided as a supplement if it assists in the discussion.

## **Review of Accounting Policies and Procedures**

### **Financial Reporting**

#### **FIN-2 Condition**

Currently, the Board of Education is only provided a status report for the education budget. The Board's policy requires a review of each special account noted above.

#### **Recommendation**

We recommend that the District comply with the current policy and provided the Board of Education all the financial information required by their policy. We also recommend that the policy be updated to include reports for all financial activity of the District. This would include the following additional funds:

- School lunch fund
- Grant fund
- Transportation fund

Reports for other funds can be provided on a less frequent basis than monthly but should be no less than quarterly.

### **Munis Utilization**

#### **Background**

The District uses Munis for its financial accounting system. The human resources management system is not currently being used.

#### **Procedures Performed**

- We obtained an understanding of the specific modules used in the District's operations
- We reviewed the process for adding new users and updating user permissions

#### **Results of Procedures Performed:**

Based upon our review, we noted the following:

- The IT Director does not have access to the Munis software.
- The positions that have administrative rights are as follows:
  1. Assistant Business Manager
  2. Insurance and Benefits Coordinator

## **Review of Accounting Policies and Procedures**

### **Munis Utilization**

- We noted that there were several former employees who were still noted as enabled. The employees have been subsequently disabled

#### **MUNIS-1 Recommendation**

We recommend that the IT Director have access to the Munis software system. This access should include administrative rights in order that activity can be monitored. In addition, it is a best practice that accounting department users not have administrative access for certain items and/or the logs for the user be reviewed and monitored on a periodic basis.

#### **MUNIS-2 Recommendation**

We recommend that system rights for all employees be reviewed to ensure that employees have the minimum rights necessary to complete their job function.

#### **MUNIS-3 Recommendation**

We recommend that the District review the current chart of accounts for compliance with the State of Connecticut uniform chart of accounts and for functionality and management reporting purposes.

We have made recommendations related to the District's budgeting practices and related chart of accounts in the Review of Budget Development, Budget Transfers and Actual Expenditures section.

### **Nova time Utilization**

#### **Background**

The Town purchased Nova-time timekeeping system in December 2016 for both the Town and Education Department, including implementation costs. The Town implemented the software system, but the District implementation was not completed. The equipment and related software was installed, but the detailed employee information (salary, department, etc.) was not able to be completed due to lack of resources.

The vendor billed the District for the annual licenses for use of the software, but the software was not functional since the employee database had not been loaded. The District paid the vendor a total of \$110,738.52 over the period 2/26/2018 to 2/12/2019. It is unclear if the payments were made in error since the software was not operational.

Based upon review of the fiscal year 2020 and 2021 budgets by the Interim Business Manager, it was not determinable if payments for this annual license fee were budgeted.

## **Review of Accounting Policies and Procedures**

### **Nova time Utilization**

The invoice for 2020 for approximately \$55,000 has been paid after consultation with the District's attorney.

The contract with the vendor for the Nova time software is for a 5 year period beginning March 1, 2018.

### **NOVA-1 Recommendation**

We recommend that the District develop a strategy to identify a plan and the necessary resource requirements to complete the implementation. Automation of the payroll process will create efficiency and reduce potential errors as compared to entering data manually.

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## **Review of Financial Records and Reports**

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## **Review of Financial Records and Reports**

### **Procedures Performed**

We reviewed the Board of Education's records and financial reports and determine whether the total expenditures stayed within the amounts appropriated in the final adopted budget from fiscal years 2018 to present. Accounts specifically to be reviewed will include the following:

- a. Health insurance coverage
- b. Payroll for the general fund, lunch program and special revenue funds for the following postions:
  - 1. Para professionals
  - 2. Substitute para professionals
  - 3. Custodians
  - 4. Security guards
  - 5. Maintenance employees.

For each group we will determine how employees are hired, budgeted and what benefits were offered.

- c. Transportation both Public and Private
- d. Special Education Costs
- e. Energy financing and utilities specifically as it relates to the financing with Bank of America. We will obtain and review the recently performed internal audit report that has been completed as a starting point.
- f. We will obtain and review the purpose and status of any other loans entered into by the Board of Education, including TD Bank. We will also obtain and review any equipment finance notes issued or capital leases entered into by the Board of Education
- g. Munis and Nova-time utilization is included in the "Review of Accounting Policies and Procedures" section of the report.

## **Review of Financial Records and Reports**

### **Health Insurance Coverage**

#### **Background**

Health insurance is budgeted net of employee contributions. The District accounts for the employee contributions in an expenditure account which offsets the total cost of insurance.

In addition to the General Fund, the following funds/programs pay for the cost of medical, dental and social security for the employees who work for the program:

- Cafeteria Fund
- Summer Explorations program
- Continuing Education program

#### **Procedures:**

- We reviewed the expenditure reports for other funds to identify other funds that had expenditure amounts for employee benefits.
- We reviewed the budget, budget support available and the actual expenditures for the fiscal years 2018 through 2020.

#### **Results of Procedures Performed**

The result of the procedures performed are detailed in **Exhibit 3**:

#### **Employee Benefits**

- Based upon our review of expenditure reports, we noted that the following funds has expenditure amounts for employee benefits for the fiscal year ended June 30, 2020:

Summer Explorations	\$ 4,911
Continuing Education	4,911
Education Grants	<u>10,709</u>
Total	<u>\$ 20,531</u>

## Review of Financial Records and Reports

### Health Insurance Coverage

#### Results of Procedures Performed

##### Budget Support

- We compared the budget support to the adopted budget and actual expenditures for fiscal years 2018 through 2020.

**Budget Process Analysis**  
**Medical and Dental Insurance**  
**For the Fiscal Years Ended June 30, 2018, 20189 and 2020**

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Fiscal year ended June 30,	Budget	Budget Support	Difference	Actual	Variance
<b>2018</b>					
Medical and dental insurance	\$ 16,305,286	\$ -	\$ 16,305,286	\$ 16,229,443	\$ 75,843
Less employees contributions	(3,886,827)	-	(3,886,827)	(3,586,808)	(300,019)
Net medical and dental insurance	<u>\$ 67,815,885</u>	<u>\$66,021,329</u>	<u>\$ 12,418,459</u>	<u>\$ 12,642,635</u>	<u>\$ (224,176)</u>
<b>2019</b>					
Medical and dental insurance	\$ 16,664,459	\$ -	\$ 16,664,459	\$ 17,173,354	\$ (508,895)
Less employees contributions	(3,422,000)	-	(3,422,000)	(3,689,426)	267,426
Net medical and dental insurance	<u>\$ 67,815,885</u>	<u>\$66,021,329</u>	<u>\$ 13,242,459</u>	<u>\$ 13,483,928</u>	<u>\$ (241,469)</u>
<b>2020</b>					
Medical and dental insurance	\$ 18,477,407	\$18,163,437	\$ 313,970	\$ 18,494,809	\$ (17,402)
Less employees contributions	(3,874,498)	-	(3,874,498)	(3,928,816)	54,318
Net medical and dental insurance	<u>\$ 67,815,885</u>	<u>\$66,021,329</u>	<u>\$ (3,560,528)</u>	<u>\$ 14,565,993</u>	<u>\$ 36,916</u>

- We were not able to obtain the budget support for fiscal years 2018 and 2019.
- We obtained the budget support for the fiscal year 2020 budget for the estimated total cost of insurance. There was no support for the employee contribution amount included as the offset to determine the estimated net cost to the District.

## **Review of Financial Records and Reports**

### **Health Insurance Coverage**

The schedule we obtained contained the Continuing Education program employee and the Cafeteria program employees. We requested that the District identify the Continuing Education and Cafeteria program employees on the schedule. Based upon the information received, we updated the budget support as follows:

Total Estimated Medical and Dental Costs	\$ 18,616,298
Less Estimate for Cafeteria program employees	(441,237)
Less Estimate for Continuing Education employee	<u>(11,624)</u>
Estimated amount to be paid from general fund	<u>\$ 18,163,437</u>

The actual amount charged to the Cafeteria and Continuing Education programs for the fiscal year ended June 30, 2020 was as follows:

Cafeteria program	\$ 486,585
Continuing education program	4,911

- We noted that for the Cafeteria Fund for fiscal years 2016 and 2017, there were no employee contributions recorded in the fund for health and dental insurance. Employee contributions were record for fiscal years 2018 through 2020. See **Exhibit 8**.

#### **HIC-1 Recommendation**

We recommend that the budget support document the employees/amounts charged to other funds and the net amount to be charged to the Education budget.

#### **HIC-2 Recommendation**

We recommend that the budget support document include a calculation of the estimated employee contributions by fund/program.

#### **HIC-3 Recommendation**

We recommend that the employee contributions be recorded as a general fund liability vs as a credit to the expenditure budget. Payment of the medical and dental invoices should recoded first to zero out the withholding account with the balance of the invoice recorded as a District expenditure.

## **Review of Financial Records and Reports**

### **Payroll for the General Fund, Lunch Program and Special Revenue Funds**

#### **Background**

We requested information for the Human Resources Department for the period July 1, 2017 through June 30, 2020 for employee hires and terminations.

We were informed that there has been 39 extra/substitute paraprofessionals that are employed by the District that are not included in the budgeted expenditures.

The following funds are also charged for the salaries for employees who work in the program/grant:

Cafeteria Fund  
Grants Fund  
Special Revenue Funds  
Transportation Fund

For the Special Revenue fund, payroll is charged for the following programs:

Driver's education	Elementary strings
Athletics	Building use
PPS medical program	Interdistrict
Summer explorations	Open choice
Continuing education	

#### **Procedures Performed:**

- We reviewed payroll charges for the general fund, lunch program and special revenue funds.
- For the following positions we will determine how employees are hired, budgeted and what benefits were offered:
  1. Para professionals
  2. Substitute paraprofessionals
  3. Custodians
  4. Security guards
  5. Maintenance employees
- We requested detailed information on the number of substitute paraprofessionals for the fiscal years 2018 through 2020.

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Results of Procedures Performed:

#### Special Revenue Fund Salaries

We reviewed the special revenue fund salaries charged to each program for the fiscal years 2018 through 2020. The results of our analysis is detailed in **Exhibit 3**.

#### Cafeteria Salaries

- The cafeteria program is charged for employee salaries.
- We noted that the Cafeteria Fund was charged for the lunch room aides/monitors for fiscal year 2017 as part of the \$284,296 charge back from the general fund (**Exhibit 9**). For 2018 through 2020 the cafeteria fund was charged directly for those employees. Currently, the lunch room aides/monitors report to the principal of each school and not the Cafeteria Manager.

#### Analysis of Hidings and Terminations

We obtained a spreadsheet with information regarding the hiring and termination from the Human Resources Department for the period July 1, 2017 through June 30, 2020. The spreadsheet was incomplete for some of the hires/terminations with respect to the salary information. Where information was not available, we used an average for similar positions on the spreadsheet. Details of this analysis are presented on **Exhibit 4**.

#### Substitute Paraprofessionals

Based upon the information provided by the Human Resources Department regarding the substitute paraprofessionals we noted the following:

- The number of substitute paraprofessionals varies throughout the year based upon the District's needs.
- The number of substitute paraprofessionals for the fiscal years 2018 through 2020 was as follows:

	Beginning of the Year	End of the Year
2018	12	24
2019	21	32
2020	40	37

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### **PAY-1 Recommendation**

We recommend that the District review the use of lunch room monitors/aides and formalize their job description. We also recommend that the lunch room monitors/aides report to the Cafeteria Manager in order to ensure that they are efficiently and effectively utilized to support the program.

If these employees are performing tasks for the school principals, that time must be charged to the general fund since it would not be an allowable cost of the program.

#### **Paraprofessional Salaries**

- Paraprofessionals are budgeted in each school's budget. Substitute paraprofessionals are budgeted in the Superintendent's budget (as are all substitute positions).

#### **PAY-2 Recommendation**

We recommend that the District budget all non teachers related substitutes in the proper department

- Extra/substitute para professionals work 32.5 hours per week for 39 weeks per year. The estimated payroll for fiscal year 2020 was not available. The salaries are charged to the budget line PPS-admin instruction paras. These paras do not receive any benefits.

#### **Results of Procedures Performed:**

The budget and actual activity for this budget line for the fiscal years 2018 through 2020 was as follows:

**Substitute and Extra time Paraprofessionals  
For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Fiscal Year Ended June 30	Original Budget	Revised Budget	Actual	Variance
<b><u>2018</u></b>				
Super - Substitute paras	\$ 160,000	\$ 160,000	\$ 225,677	\$ (65,677)
PPS-D/W - Para Xtra-time	\$ 60,000	\$ 60,000	\$ 101,061	\$ (41,061)
<b><u>2019</u></b>				
Super - Substitute paras	\$ 185,000	\$ 185,000	\$ 163,568	\$ 21,432
PPS-D/W - Para Xtra-time	\$ 52,046	\$ 52,046	\$ 306,085	\$ (254,039)
<b><u>2020</u></b>				
Super - Substitute paras	\$ 200,000	\$ 200,000	\$ 84,800	\$ 115,200
PPS-D/W - Para Xtra-time	\$ 52,016	\$ 137,016	\$ 441,582	\$ (304,566)

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

Consistent with what has been previously identified, the District has not adequately budgeted for the extra/substitute paraprofessionals, nor have budget transfers been recommended when amounts exceeded the budget.

#### **PAY-3 Recommendation**

We recommend that the District budget be developed to include estimates for all known employees. Prior year actual amounts should be considered when developing the current year budget. When needs change, budget transfers should be requested prior to budget lines being over expended.

#### **Results of Procedures Performed:**

##### **Custodians**

For custodians we reviewed the budget activity by account for the fiscal years 2018 through 2020 which is detailed below:

Custodians For the Fiscal Years Ended June 30, 2018, 2019 and 2020					
Fiscal Year ended June 30	Original Budget	Budget Support	Revised Budget	Actual	Variance
<b><u>2018</u></b>					
Regular salaries	\$ 2,354,205	\$ 2,608,452	\$ 2,425,262	\$ 2,417,109	\$ 8,153
Overtime	46,031	-	46,031	74,274	(28,243)
Overtime admin/schedule	76,056	-	76,056	97,154	(21,098)
Snow removal	20,000	-	20,000	42,340	(22,340)
Custodial help	18,000	-	18,000	6,143	11,857
Custodial night division	10,500	-	10,500	9,427	1,073
Total	2,524,792	2,608,452	2,595,849	2,646,447	(50,598)
<u>Personnel office budget</u>					
Custodian substitutes	22,000	-	22,000	52,636	(30,636)
Total	\$ 2,546,792	\$ 2,608,452	\$ 2,617,849	\$ 2,699,083	\$ (81,234)

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Results of Procedures Performed:

#### Custodians

<b>Custodians</b> For the Fiscal Years Ended June 30, 2018, 2019 and 2020					
Fiscal Year ended June 30	Original Budget	Budget Support	Revised Budget	Actual	Variance
<b><u>2019</u></b>					
Regular salaries	\$ 2,629,183	\$ 2,629,183	\$ 2,629,183	\$ 2,515,500	\$ 113,683
Overtime	46,031	-	46,031	55,365	(9,334)
Overtime admin/schedule	76,056	-	76,056	101,054	(24,998)
Snow removal	20,000	-	20,000	25,191	(5,191)
Custodial help	18,000	-	18,000	5,926	12,074
Custodial night division	10,500	-	10,500	9,112	1,388
<b>Total</b>	<b>2,799,770</b>	2,629,183	2,799,770	2,712,148	87,622
<u>Personnel office budget</u>					
Custodian substitutes	22,000	-	22,000	\$ 77,123	(55,123)
<b>Total</b>	<b>\$ 2,821,770</b>	<b>\$ 2,629,183</b>	<b>\$ 2,821,770</b>	<b>\$ 2,789,271</b>	<b>\$ 32,499</b>
<b><u>2020</u></b>					
Regular salaries	\$ 2,742,813	\$ 2,772,813	\$ 2,742,813	\$ 2,602,591	\$ 140,222
Overtime	42,000	-	42,000	49,591	(7,591)
Overtime admin/schedule	70,001	-	70,001	72,382	(2,381)
Snow removal	21,000	-	21,000	13,509	7,491
Custodial help	6,000	-	6,000	6,514	(514)
Custodial night division	11,000	-	11,000	6,633	4,367
<b>Total</b>	<b>2,892,814</b>	2,772,813	2,892,814	2,751,220	141,594
<u>Personnel office budget</u>					
Custodian substitutes	22,000	-	22,000	53,205	(31,205)
<b>Total</b>	<b>\$ 2,914,814</b>	<b>\$ 2,772,813</b>	<b>\$ 2,914,814</b>	<b>\$ 2,804,425</b>	<b>\$ 110,389</b>

- We noted that for 2018 overtime costs caused the total budget to be overspent. For 2019 and 2020 overtime time costs also exceeded the budget, but the total budget was underspent.
- For 2019 and 2020, regular salaries were both underspent by over \$100,000. Per review of the salary budget development worksheets (budget support) we noted the following:

## **Review of Financial Records and Reports**

### **Payroll for the General Fund, Lunch Program and Special Revenue Funds**

#### **Results of Procedures Performed:**

##### **Custodians**

- 2018 budget support was \$254,247 greater than the adopted budget, but the fiscal year ended with a positive variance of \$8,153
- 2019 budget support was the same as the adopted budget and the budget variances was \$113,683
- 2020 budget support was \$30,000 more than the adopted budget and the budget variance was \$140,222
- It is not clear why it is necessary to budget snow removal, custodial help and custodial night division in separate lines as they are not significant amounts.

#### **PAY-4 Recommendation**

We recommend that custodian regular salary budget calculation be reviewed to determine that the budget support and adopted budget are being correctly calculated.

#### **PAY-5 Recommendation**

We recommend that remaining salary accounts in the above analysis be reviewed to determine whether they are needed to be accounted for separately.

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Police

For Police we reviewed the budget activity by account for the fiscal years 2018 through 2020 which is detailed below:

<b>Police</b> <b>For the Fiscal Years Ended June 30, 2018, 2019 and 2020</b>				
<b>Fiscal Year ended June 30</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>2018</u></b>				
THS-Admin - Police	\$ 65,000	\$ 65,000	\$ 104,975	\$ (39,975)
<b><u>2019</u></b>				
THS-Admin - Police	\$ 70,000	\$ 70,000	\$ 108,141	\$ (38,141)
<b><u>2020</u></b>				
THS-Admin - Police	\$ 65,000	\$ 65,000	\$ 75,590	\$ (10,590)

- We noted that for all years the police line was overspent. For fiscal year end 2020 the amount was less than prior years due to the school closure due to COVID 19.

#### **PAY-6 Recommendation**

We recommend that the prior year's actual expenditures (3 year average) be considered before adopting the budget amount for police.

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Results of Procedures Performed:

##### Security Guards

For security guards we reviewed the budget activity by account for the fiscal years 2018 through 2020 which is detailed below:

**Security Guards**  
**Plant Administration Department**  
**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Fiscal Year ended June 30	Original Budget	Budget Support	Revised Budget	Actual	Variance
<b>2018</b>					
Security Guards	\$ 546,900	\$ 553,300	\$ 560,723	\$ 547,347	\$ 13,376
Security Guards - overtime	-	-	-	128,927	(128,927)
Total	<u>\$ 546,900</u>	<u>\$ 553,300</u>	<u>\$ 560,723</u>	<u>\$ 676,274</u>	<u>\$ (115,551)</u>
<b>2019</b>					
Regular salaries	\$ 576,158	\$ 559,158	\$ 576,158	\$ 633,869	\$ (57,711)
Overtime	55,000	-	55,000	119,565	(64,565)
Total	<u>\$ 631,158</u>	<u>\$ 559,158</u>	<u>\$ 631,158</u>	<u>\$ 753,434</u>	<u>\$ (122,276)</u>
<b>2020</b>					
Regular salaries	\$ 664,353	\$ 689,353	\$ 664,353	\$ 661,357	\$ 2,996
Overtime	74,000	-	74,000	93,965	(19,965)
Total	<u>\$ 738,353</u>	<u>\$ 689,353</u>	<u>\$ 738,353</u>	<u>\$ 755,322</u>	<u>\$ (16,969)</u>

- Overtime was not budgeted in fiscal year 2018 and under budgeted in fiscal years 2019 and 2020.
- The budget support was higher than the adopted budget for each of the 3 fiscal years, but the actual amount was less than budgeted

## **Review of Financial Records and Reports**

### **Payroll for the General Fund, Lunch Program and Special Revenue Funds**

#### **Results of Procedures Performed:**

##### **Security Guards**

##### **PAY -7 Recommendations**

Overtime budget estimates should be properly supported.

In addition, overtime should be properly monitored and controlled and if the District's staffing needs change a transfer request should be made before the budget is over expended.

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Results of Procedures Performed:

##### Maintenance Employees

For maintenance employees we reviewed the budget activity by account for the fiscal years 2018 through 2020 which is detailed below:

**Maintenance Employees**  
**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Fiscal Year ended June 30	Original Budget	Budget Support	Revised Budget	Actual	Variance
<b><u>2018</u></b>					
Regular salaries	\$ 660,417	\$ 706,455	\$ 660,417	\$ 647,943	\$ 12,474
Overtime	13,362	-	13,362	11,194	2,168
Overtime	-	-	-	921	(921)
Summer groundsmen	55,000	-	55,000	39,226	15,774
Total	<u>\$ 728,779</u>	<u>\$ 706,455</u>	<u>\$ 728,779</u>	<u>\$ 699,284</u>	<u>\$ 29,495</u>
<b><u>2019</u></b>					
Regular salaries	\$ 707,349	\$ 707,349	\$ 707,349	\$ 701,416	\$ 5,933
Overtime	13,362	-	13,362	41,320	(27,958)
Overtime	-	-	-	1,527	(1,527)
Summer groundsmen	55,000	-	55,000	41,006	13,994
Total	<u>\$ 775,711</u>	<u>\$ 707,349</u>	<u>\$ 775,711</u>	<u>\$ 785,269</u>	<u>\$ (9,558)</u>
<b><u>2020</u></b>					
Regular salaries	\$ 744,210	\$ 744,210	\$ 744,210	\$ 735,939	\$ 8,271
Overtime	13,200	-	13,200	22,221	(9,021)
Overtime	-	-	-	550	(550)
Summer groundsmen	35,000	-	35,000	39,389	(4,389)
Total	<u>\$ 792,410</u>	<u>\$ 744,210</u>	<u>\$ 792,410</u>	<u>\$ 798,099</u>	<u>\$ (5,689)</u>

- Budget support for 2018 was greater than the adopted budget but the actual was less than amount budgeted. The amount budgeted for fiscal years 2019 and 2020 agreed to the budget support.
- Overtime was properly budgeted in fiscal year 2018 and under budgeted in fiscal years 2019 and 2020

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Results of Procedures Performed:

#### Maintenance Employees

#### PAY -8 Recommendations

- Overtime budget estimates should be properly supported.
- In addition, overtime should be properly monitored and controlled. If the District's needs change a transfer request should be made before the budget is over expended.
- It is unclear why there are 2 overtime accounts in the maintenance budget that have amount charged to them. Only one account has a budget. We recommend that only one account be used to ensure proper budgetary control.

#### Benefits Provided by Contract

We reviewed the Districts union contracts to identify the benefits provided to each employee group reviewed above. The benefits provided are detailed in the schedule below:

Benefit Description	Benefits Provided by Employee Group				
	Custodian/ Maintenance/	Para- Professionals	School Lunch	Para- Professionals	Substitute
	Security Guards				
Vacation	Yes	No	No	No	No
Sick time	Yes	Yes	Yes	No	No
Personal time	Yes	Yes	Yes	No	No
Funeral leave	Yes	Yes	Yes	No	No
Longevity	Yes	Yes	Yes	No	No
Medical and dental benefits	Yes	Yes	Yes	No	No
Life insurance	Yes	Yes	Yes	No	No
Pension	Yes	Yes	Yes	No	No

## Review of Financial Records and Reports

### Payroll for the General Fund, Lunch Program and Special Revenue Funds

#### Results of Procedures Performed:

#### Special Revenue Funds

We reviewed the expenditure detail for the Special Revenue Funds for the fiscal years 2018 through 2020 and total the salary and health benefit amount charged to the fund. We noted that the employer share of FICA/Medicare was also charged to the programs that had payroll.

A summary of the amount paid by fiscal year is below:

<b>Trumbull Public Schools</b>			
<b>Special Revenue Funds</b>			
<b>Summary of Salaries and Benefits</b>			
<b>For the Fiscal Years Ended June 30, 2018, 2019, and 2020</b>			
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Salaries	\$ 1,061,494	\$ 1,119,608	\$ 840,951
Benefits	9,079	9,151	9,822

The details of amount charged to each program can be found in **Exhibit 3**.

#### Retirement Savings

We noted that the District has a negative budget labeled "retirement savings". This amount is reducing the total salaries object budget.

#### Budget Process Analysis

#### Retirement Savings

#### For the Fiscal Years Ended June 30, 2018, 2019 and 2020

Fiscal year ended June 30	Adjusted Budget	Budget support	Difference	Actual	Variance
2018	\$ (370,000)	\$ -	\$ (370,000)	\$ -	\$ (370,000)
2019	(300,000)	-	(300,000)	-	(300,000)
2020	(420,000)	-	(420,000)	-	(420,000)

## **Review of Financial Records and Reports**

### **Payroll for the General Fund, Lunch Program and Special Revenue Funds**

#### **PAY -5 Recommendations**

We recommend that the District implement procedures to document and track savings in the salary budget due to retirements. This will provide the District the information necessary to be able to properly estimate and budget this amount.

## Review of Financial Records and Reports

### Transportation - Public and Private

#### Background

Transportation costs are procured through the use of competitive bidding and a multi-year contract. Transportation cost are generally accounted for in two categories:

- Regular transportation (including extracurricular transportation (sports and field trips)
- Special Education transportation

#### Procedures Performed:

We reviewed the transportation budget, budget support and actual expenditure amounts for the fiscal years 2018 through 2020.

#### Results of Procedures Performed:

The results of our procedures are detailed below:

#### Budget Process Analysis Transportation For the Fiscal Years Ended June 30, 2018, 2019 and 2020

Fiscal year ended June 30,	Revised Budget	Budget Support	Difference	Actual	Variance
<b><u>2018</u></b>					
Regular	\$ 3,341,073	\$ -	\$ 3,341,073	\$ 3,403,772	\$ (62,699)
Special Education	<u>1,535,700</u>	<u>-</u>	<u>1,535,700</u>	<u>1,519,900</u>	<u>15,800</u>
Total transportation	<u>\$ 4,876,773</u>	<u>\$ -</u>	<u>\$ 4,876,773</u>	<u>\$ 4,923,672</u>	<u>\$ (46,899)</u>
<b><u>2019</u></b>					
Regular	\$ 3,660,369	\$ -	\$ 3,660,369	\$ 3,632,708	\$ 27,661
Special Education	<u>1,843,460</u>	<u>-</u>	<u>1,843,460</u>	<u>2,039,818</u>	<u>(196,358)</u>
Total transportation	<u>\$ 5,503,829</u>	<u>\$ -</u>	<u>\$ 5,503,829</u>	<u>\$ 5,672,526</u>	<u>\$ (168,697)</u>
<b><u>2020</u></b>					
Regular	\$ 3,712,806	\$ -	\$ 3,712,806	\$ 3,631,727	\$ 81,079
Special Education	<u>1,867,000</u>	<u>-</u>	<u>1,867,000</u>	<u>1,849,183</u>	<u>17,817</u>
Total transportation	<u>\$ 5,579,806</u>	<u>\$ -</u>	<u>\$ 5,579,806</u>	<u>\$ 5,480,910</u>	<u>\$ 98,896</u>
Amount recorded in grants fund charged to excess cost grant				<u>\$ 554,223</u>	

## **Review of Financial Records and Reports**

### **Transportation - Public and Private**

#### **Results of Procedures Performed:**

- We noted that that was no budget support for the transportation amounts available for our review.
- We noted that for fiscal years 2019 the special education transportation budget was over spent by \$196,358.
- We noted that the education budget was credited by \$1,517,861 in a separate unbudgeted account for the excess cost grant in fiscal year 2019. A portion of the excess cost grant would have been allocated to the special education transportation costs budget line as it was in fiscal year 2018.
- For fiscal year 2020, the excess cost grant was recorded in the grants fund totaling \$1,419,318, \$554,223 of which was for special education transportation costs.

#### **TRP-1 Recommendation**

We recommend that the budget support be developed and retained for regular transportation to ensure adequate amounts are budgeted based upon projected enrollment and contract rates.

#### **TRP-2 Recommendation**

We recommend that the budget support be developed and retained for special education transportation costs to ensure adequate amounts are budgeted based upon known special education requirements and contract rates.

#### **TRP-3 Recommendation**

We recommend that when the excess cost grant is received by the District that the grant be recorded in the Grants Fund along with the related special education costs (tuition, transportation, etc.) for the same amount.

## **Review of Financial Records and Reports**

### **Special Education Costs**

#### **Background**

Special education costs often have significant volatility year to year due the possibility that additional high cost students may enroll in a District school after the budget has been approved. This may impact the amounts budgeted for both tuition and transportation.

It should be noted that special education costs include a significant number of student who do not meet the excess cost reimbursement threshold.

The excess cost grant provided to the Town is a reimbursement grant for special education students with costs that exceed 4.5 times the District per pupil cost. The costs are reported and updated to the State Department of Education through the SEDAC G form/system. This grant is provided to the Town based upon the cost information entered into the system by June 30. Any errors in the cost information identified as part of the finalizing the form by September 1 each year or identified by during the audit process are adjusted by the State through the Education Cost Sharing Grant (ECS) in the subsequent year.

#### **Procedures Performed:**

- We reviewed the special education budget, budget support and actual expenditure amounts for the fiscal years 2018 through 2020
- We reviewed the excess cost reimbursement reports for fiscal years 2018 through 2020
- We requested historical data for the number of students classified as special education students for the fiscal years 2018 through 2020

#### **Results of Procedures Performed:**

The results of our procedures are detailed below:

## Review of Financial Records and Reports

### Special Education Costs

#### Budget Analysis

**Budget Process Analysis**  
**Special Education Tuition**  
**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Fiscal year ended June 30,	Revised Budget	Budget Support	Difference	Actual	Variance
<b><u>2018</u></b>					
Special Education tuition	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ -</u>
Excess cost grant amount netted	<u>\$ -</u>			<u>\$ 275,289</u>	
<b><u>2019</u></b>					
Special Education tuition	<u>\$ 3,252,859</u>	<u>\$ -</u>	<u>\$ 3,252,859</u>	<u>\$ 4,154,753</u>	<u>\$ (901,894)</u>
Excess cost grant amount netted	<u>\$ -</u>			<u>\$ 1,517,861</u>	
<b><u>2020</u></b>					
Special Education tuition	<u>\$ 3,800,000</u>	<u>\$ -</u>	<u>\$ 3,800,000</u>	<u>\$ 3,755,378</u>	<u>\$ 44,622</u>
Excess cost grant amount netted	<u>\$ (1,055,000)</u>			<u>\$ -</u>	
Amount recorded in grants fund charged to excess cost grant				<u>\$ 865,095</u>	

- After crediting the excess cost grant against special education expenditures, special education was over spent by \$8,875.
- We noted that in fiscal year 2018, the following accounts were credited for the excess cost grant, including the tuition account above

## Review of Financial Records and Reports

### Special Education Costs

#### Budget analysis

- We noted that in fiscal year 2018, the excess cost grant was charged to certain special education related accounts.

#### **Budget Process Analysis Special Education Tuition For the Fiscal Year Ended June 30, 2018**

Account name	Revised Budget	Budget Support	Excess Cost Grant Netted Amount	Actual Amount Expended	Variance
Special education department	\$ 3,739,584	\$ 3,721,534	\$ 498,314	\$ 4,219,848	\$ (480,264)
Tuition	3,500,000	3,500,000	275,289	3,775,289	(275,289)
Transportation	1,535,700	1,519,900	219,342	1,739,242	(203,542)
Totals	<u>\$ 8,775,284</u>	<u>\$ 8,741,434</u>	<u>\$ 992,945</u>	<u>\$ 9,734,379</u>	<u>\$ (959,095)</u>

- For 2019, we noted that the total amount that special education was over expended totaled \$1,500,070 and the excess cost grant that was credited against expenditures in an account labeled anticipated SPED totaled \$1,517, 861. That amount is detailed in the analysis below.
- For fiscal year 2020, we noted that the anticipated excess cost grant was budgeted at \$1,055,000 but was not needed to balance the budget. Due to COVID-19, the total amount that special education exceeded the budget was only \$134,440. That amount is detailed in the analysis below.
- For fiscal year 2020, the excess cost grant was recorded in the grants fund totaling \$1,419,318, \$865,095 of which was for special education tuition.

A detailed analysis of the special education departments/accounts included in the education budget for the fiscal years 2018 through 2020 are as follows:

## Review of Financial Records and Reports

### Special Education Costs

**Budget Process Analysis**  
**Special Education**  
**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Fiscal year ended June 30	Adjusted Budget	Budget support	Difference	Actual	Variance
<b><u>2018</u></b>					
Special education department	\$ 3,739,584	\$ -	\$ 3,739,584	\$ 3,721,534	\$ 18,050
PPS after school	3,000	-	3,000	-	3,000
Health services (PPS)	610,065	-	610,065	592,390	17,675
Health services (PPS)	8,000	-	8,000	7,104	896
Psychologist and behaviorist	1,507,136	-	1,507,136	1,411,656	95,480
Social workers	1,110,321	-	1,110,321	1,069,707	40,614
Speech, hearing, language	930,525	-	930,525	923,062	7,463
Special education teachers	125,864	-	125,864	94,269	31,595
SPED - Elementary teachers	1,768,621	-	1,768,621	1,681,369	87,252
SPED - Middle School teachers	1,213,585	-	1,213,585	1,335,540	(121,955)
SPED - High School teachers	1,517,424	-	1,517,424	1,615,323	(97,899)
Work experience	5,000	-	5,000	4,258	742
SPED - Summer	250,000	-	250,000	312,867	(62,867)
PPS - TECEC	998,518	-	998,518	1,050,229	(51,711)
Tuition	3,500,000	-	3,500,000	3,500,000	-
PPS- Para training	14,250	-	14,250	7,260	6,990
Transportation	1,535,700	-	1,535,700	1,519,900	15,800
<b>Totals</b>	<b>\$ 18,837,593</b>	<b>\$ -</b>	<b>\$ 18,837,593</b>	<b>\$ 18,846,468</b>	<b>\$ (8,875)</b>
Excess Cost grant netted against total budget					<b>\$ 992,945</b>

- We noted the most significant expenditures accounts that contribute the over expenditure are the as follows:
- Special education department lines for paraprofessionals, consultants and legal.
  - Special education teacher salaries
  - Special education summer salaries
  - PPS – TECEC
  - Tuition
  - Transportation

## Review of Financial Records and Reports

### Special Education Costs

2019

Fiscal year ended June 30	Adjusted Budget	Budget Support	Difference	Actual	Variance
Special education department	\$ 3,811,095	\$ -	\$ 3,811,095	\$ 4,293,442	\$ (482,347)
PPS after school	2,602	-	2,602	-	2,602
Health services (PPS)	616,466	-	616,466	567,293	49,173
Health services (PPS)	8,674	-	8,674	63,520	(54,846)
Psychologist and behaviorist	1,500,495	-	1,500,495	1,640,603	(140,108)
Social workers	1,097,519	-	1,097,519	1,034,939	62,580
Speech, hearing, language	1,042,536	-	1,042,536	1,019,593	22,943
Special education teacher	97,990	-	97,990	97,990	-
SPED - Elementary teachers	1,861,923	-	1,861,923	1,849,483	12,440
SPED - Middle School teachers	1,380,919	-	1,380,919	1,220,613	160,306
SPED - High School teachers	1,733,849	-	1,733,849	1,737,853	(4,004)
Work experience	4,337	-	4,337	5,387	(1,050)
SPED - Summer	224,546	-	224,546	255,623	(31,077)
PPS - TECEC	1,149,725	-	1,149,725	1,152,657	(2,932)
Tuition	3,252,859	-	3,252,859	4,154,753	(901,894)
PPS- Para training	12,361	-	12,361	7,859	4,502
Transportation	1,843,460	-	1,843,460	2,039,818	(196,358)
<b>Totals</b>	<b>\$ 19,641,356</b>	<b>\$ -</b>	<b>\$ 19,641,356</b>	<b>\$ 21,141,426</b>	<b>\$ (1,500,070)</b>
Excess Cost grant netted against total budget					<b>\$ 1,517,861</b>

- We noted the most significant expenditures accounts that contribute the over expenditure are the as follows:
  - Special education department lines for paraprofessionals, consultants and legal.
  - Psychologists and behaviorist
  - Special education summer salaries
  - Tuition
  - Transportation

## Review of Financial Records and Reports

### Special Education Costs

**2020**

Fiscal year ended June 30	Adjusted Budget	Budget Support	Difference	Actual	Variance
Special education department	\$ 4,089,286	\$ -	\$ 4,089,286	\$ 4,282,884	\$ (193,598)
PPS after school	3,000	-	3,000	-	3,000
Health services (PPS)	608,132	-	608,132	591,225	16,907
Health services (PPS)	51,500	-	51,500	6,064	45,436
Psychologist and behaviorist	1,691,528	-	1,691,528	1,821,519	(129,991)
Social workers	1,090,082	-	1,090,082	1,256,205	(166,123)
Speech, hearing, language	1,057,826	-	1,057,826	1,189,647	(131,821)
Special education teacher	102,943	-	102,943	102,943	-
SPED - Elementary teachers	1,917,745	-	1,917,745	1,683,813	233,932
SPED - Middle School teachers	1,288,225	-	1,288,225	1,143,689	144,536
SPED - High School teachers	1,882,127	-	1,882,127	1,745,303	136,824
Work experience	5,000	-	5,000	4,209	791
SPED - Summer	262,500	-	262,500	264,021	(1,521)
PPS - TECEC	1,183,961	-	1,183,961	1,346,873	(162,912)
Tuition	3,800,000	-	3,800,000	3,755,378	44,622
PPS- Para training	14,250	-	14,250	6,589	7,661
Transportation	1,867,000	-	1,867,000	1,849,183	17,817
<b>Totals</b>	<b>\$ 20,915,105</b>	<b>\$ -</b>	<b>\$ 20,915,105</b>	<b>\$ 21,049,545</b>	<b>\$ (134,440)</b>
Excess Cost grant netted against total budget				\$ -	

- We noted the most significant expenditures accounts that contribute the over expenditure are the as follows:
  - Special education department lines for paraprofessionals, consultants and legal.
  - Psychologists and behaviorist
  - Social workers
  - Speech, hearing and language
  - Special education summer salaries
  - PPS – TECEC
- Tuition and transportation were not over budget in fiscal year 2020, due to closure of schools due to the COVID 19 pandemic.
- In comparing the 2018 through June 30, 2020, special education budget activity above, the most significant drivers of special education, excluding fiscal year 2020, are tuition, transportation and salaries for IEP required services.

## **Review of Financial Records and Reports**

### **Special Education Costs**

#### **Review of Excess Cost Reimbursement Reports**

We reviewed the excess cost reimbursement forms that are required to be completed by the District for the fiscal years ending June 30, 2018 through June 30, 2020. The cost reimbursement forms, Special Education Excess Cost Grant form, is the basis of the excess cost grant reimbursement grant. The grant reimbursement is based upon current year expenditures. For perspective, the Education Cost Sharing (ECS) grant is supposed to be based upon prior year expenditures.

The Town is reimbursed only for a percentage of the amount of expenditures for students whose per pupil costs exceed 4.5 times the District's per pupil cost. The Town's per pupil cost is calculated annually by the State Department of Education based upon information contained in the EFS form filed annually by the District.

It is important to note that there are many student who receive special education services who do not reach the 4.5 time threshold.

State statutes require that if special education cost exceed the budgeted amounts that the excess cost grant fund be used to fund the cost overruns.

#### **SPED-1 Condition**

The excess cost reimbursement forms are required to be completed with estimated costs for tuition and transportation for students who are expected to exceed the State Department of Education calculated threshold. The estimated costs are required to be entered in November, updated in April and finalized as part of the year end Department of Education reporting due September 1.

## Review of Financial Records and Reports

### Special Education Costs

#### Review of Excess Cost Reimbursement Reports

The review and analysis of the excess cost reporting for fiscal years 2018 through 2020 is presented below:

<b>Special Education Excess Cost Reporting Analysis</b> <b>For the Fiscal Years Ended June 30, 2018, 2019, and 2020</b>				
	Fiscal year ended June 30,			
	2018	2019	2020	
Total number of students reported on excess cost reimbursement form	(1) 101	112	129	
Number of students below minimum threshold	54	51	93	
Number of students included in reimbursement calculation	47	61	36	
Minimum threshold before costs are considered for reimbursement	(2) \$ 71,908	\$ 72,510	\$ 74,969	
Total expenditure reported on excess reimbursement form	(1) \$ 7,566,437	\$ 8,825,074	\$ 9,030,290	
Cost amount for students below minimum threshold	2,363,023	1,406,299	2,353,643	
Net amount of costs included in reimbursement	\$ 5,203,414	\$ 7,418,775	\$ 6,676,647	
(1) - Per excess cost reimbursement form				
(2) - Per State Department of Education				

- We noted that for 2018, 54 students were accounted for and included in the excess cost reimbursement form but were below the reimbursement threshold.
- For 2019 we noted that 75 students had estimated costs of \$75,000 to \$76,000 and for 2020 there were 80 students. These estimates are above the State Department of Education minimum threshold for reimbursement.

Since the grant payments are based upon the estimated amounts entered in the State reimbursement form, over estimating the grants may result in and overpayment of the excess cost grant.

## **Review of Financial Records and Reports**

### **Special Education Costs**

#### **Review of Excess Cost Reimbursement Reports**

Overpayments of the excess cost grant are recover by the State by reducing the subsequent year's ECS grant.

#### **Recommendations**

- We recommend that the District revise its procedures for estimating and entering cost information into the State Department of Education excess cost systems as follows:
  1. Only students who are expected to exceed the State Department of Education minimum threshold amount be accounted for and entered into the State system. The threshold is made available by State in January.
  2. We recommend that a form be developed and implemented to estimate the total cost for identified excess cost students. This form should also be used to account for the actual cost of the student for audit purposes and final reporting to the State.

This will create efficiency and eliminate unnecessary accounting and reporting for students who are not expected to meet the threshold.

Using actual estimates vs amount in excess of the minimum threshold will reduce the risk of over reimbursement.

#### **SPED-2 Recommendation**

Below are recommendations regarding the internal control and best practices related to the excess cost reimbursement grant form. The CT State Department Education form is named: Special Education Excess Cost Grant (SEECG).

We did not perform any detailed testing of the form and therefore some of the recommendations below may be currently in place.

## **Review of Financial Records and Reports**

### **Special Education Costs**

#### **Review of Excess Cost Reimbursement Reports**

We recommend that the Board of Education develop and implement formal procedures and related forms to the SEECG reporting as follows:

- Develop procedures and related forms to ensure that actual costs are reported on the SEECG form.
- Develop procedures and related forms to properly track costs by student and prepare and update the SEECG form as required by the State Department of Education.
- Vendors must be required to provide details on the students for which services were performed.
- Allocation methodologies must be formally documented and reviewed and approved by the Business Manager or the Assistant Business Manager.
- Costs be reconciled to the general ledger (transportation, supplies, OT/PT, etc.), where appropriate.
- The tracking forms and related reconciliations and final amounts to be reported on the SEECG form must be reviewed and approved (from a financial perspective only) by the Business Manager or the Assistant Business Manager.

#### **Special Education Student Population Analysis**

#### **Procedures Performed**

- We requested from the Special Education Department information regarding the total number of special education students for the fiscal years 2018 through 2020.
- We performed an analysis of certain special education costs and data to provide perspective on the District's special education program.

## **Review of Financial Records and Reports**

### **Special Education Costs**

#### **Results of Procedures Performed**

Based upon our review and analysis, we noted the following:

- Special education costs have increased from 2018 to 2019, but were level for 2020. The slight decrease for 2020 is most likely due to the COVID-19 pandemic.
- The number of special education students has increases annually from 2018 to 2020.
- The percentage of special education students has increases annually from 2018 to 2020.

The analysis is detailed on **Exhibit 5**.

## Review of Financial Records and Reports

### Energy Financing and Utilities

#### Background

The District has completed several energy financing projects beginning in fiscal year 2016. The goal of the projects is to reduce energy use and create budget savings which is then used to pay the debt service on the new equipment. The District financed the projects using 2 different methods:

- Financing through Bank of America (notes)
- Financing through United Illuminating (UI) for recommissioned equipment

#### Procedures Performed:

- We reviewed the activity of the energy financing and utilities specifically as it relates to the financing with Bank of America. We obtained and reviewed the recently performed internal audit report date March 2, 2020 as a starting point.

At the request of the Town, we expanded the scope of the procedures to include inception to date vs beginning in fiscal year 2018.

- We compared the energy savings using 2015 expenditures for electricity and gas as a base, unadjusted for actual usage or price changes, to the debt service requirement for the financing.

#### Results of Procedures Performed:

The results of our procedures are detailed on **Exhibits 6A and 6B** and summarized below:

- For the Bank of America notes, we noted the construction and equipment installation activity for the energy financing projects were netted in a budget line names "improvements to site".
- Expenditures for construction and equipment installation activity in excess of revenues received at June 30 were recorded as accounts receivable in order that the budget line not be overspent at year end.
- We noted that the project inception to date (through June 30, 2020) had an excess of \$100,687 of revenues (incentives and note issuance) over expenditures. (**Exhibit 6A**).
- Based upon the unadjusted analysis of energy costs as compared to debt service payments, the District's electric and gas expenditures are \$423,799 less than the debt service payment (**Exhibit 6B**).

## **Review of Financial Records and Reports**

### **Energy Financing and Utilities**

#### **EFU-1 Recommendation**

We recommend that future projects be formally approved by the Town (capital project authorization).

We also recommend that the related debt issuance also be formally approved by the Town in accordance with the Town charter.

#### **EFU-2 Recommendation**

We recommend that the capital projects be properly accounted for in a separate fund and that the activity be reported gross rather than net in the District budget.

The will ensure compliance with generally accepted account principles and provide transparency in reporting financing activity.

#### **EFU-3 Recommendation**

We recommend that the District establish a budget line for debt service to properly identify the payments all equipment financing notes. The budget line "improvements to site" should be for improvements financed from the operating budget.

## Review of Accounting Policies and Procedures

### Equipment Financing (TD Bank notes)

#### Background

The District has used financing from TD Bank to finance several purchases, the majority of which is technology related. The District has recently expanded the use of finance to purchase other types of equipment.

#### Procedures Performed:

- We obtained and reviewed the purpose and status of any other loans entered into by the District, including TD Bank. We will also obtain and review any capital leases or equipment financing noted entered into by the District.
- We prepared a schedule detailing the equipment financing notes as of June 30, 2020.

#### Results of Procedures Performed:

- For the TD Bank notes, we noted the note proceeds were netted against the related equipment expenditure lines such as technology, vehicles or other equipment account.
- We noted that Business manager signed the note agreements for purchases.

The schedule of TD Bank equipment financing notes is as follows:

Fiscal Year	Debt Service Payments			Funding		
	Principal	Interest	Total	E-Rate	Budget	Total
2015	\$ 602,000	\$ 15,496	\$ 617,496			
2016	280,769	14,391	295,160			
2017	260,000	15,753	275,753			
2018	715,487	50,365	765,852	\$ 77,953	\$ 687,899	\$ 765,852
2019	418,800	36,505	455,305	118,105	337,200	455,305
2020	548,184	32,425	580,608	98,222	482,386	580,608
Totals	\$ 2,825,240	\$ 164,933	\$ 2,990,173	(1)	\$ 294,280	\$ 1,507,485
						\$ 1,801,765
Technology			\$ 2,990,173	(1)		
HVAC	2019		136,030			
Vehicle	2019		54,488			
Split Air	2020		115,888			
Mower	2020		13,224			
Band equipment	2020		124,768			
			\$ 3,434,571			

## **Review of Accounting Policies and Procedures**

### **Equipment Financing (TD Bank notes)**

#### **EFTD-1 Recommendation**

We recommend that future projects be formally approved by the Town (capital project authorization).

We also recommend that the related debt issuance also be formally approved by the Town in accordance with the Town charter.

#### **EFTD-2 Recommendation**

We recommend that the capital projects and capital purchases be properly accounted for in a separate fund and that the activity be reported gross rather than net in the District budget.

This will ensure compliance with generally accepted account principles and provide transparency in reporting financing activity.

#### **EFTD-3 Recommendation**

We recommend that the District establish a budget line for debt service to properly identify the payments all equipment financing notes. The budget line "improvements to site" should be for improvements financed from the operating budget.

## **Review of Accounting Policies and Procedures**

### **Debt Service Schedule**

#### **Procedures Performed:**

Based upon our review of the energy performance notes and loans and the equipment financing notes, we prepared a debt service schedule by debt type. The schedule is presented as **Exhibit 7**.

#### **DSS-1 Condition**

We reviewed the June 30, 2019 audit report and noted that the energy performance notes and loans and the equipment financing notes are not presented as long-term liabilities in the Town's financial statements.

#### **Recommendation:**

We recommend that the Town properly include the energy performance notes and loans and the equipment financing notes in the financial statements including the required footnote disclosures.

## Review of Accounting Policies and Procedures

### Special Revenue Funds Analysis

#### Background

State Statutes define the types of funds that can be established and managed by Boards of Education. The funds noted in the State Statutes are as follows:

- School lunch
- Education grants
- Student activities
- Driver's Education
- Building use
- Donations and contributions
- Continuing (Adult) education

#### Procedures Performed

We performed an analysis of special revenue fund activity for the fiscal years 2018 through 2020. The analysis is detailed on **Exhibits 8A and 8B**. Based upon the analysis we noted the following:

- For fiscal year 2018 there were 10 funds that had an operating deficit
- For fiscal year 2019 there were 11 funds that had an operating deficit
- For fiscal year 2020 there were 9 funds that had an operating deficit
- There are 8 funds that have a deficit fund balance at June 30, 2020 totaling \$268,638
- During fiscal year 2020, \$418,242 was transferred from the general fund to address the deficits in the Elementary Strings program and the Interdistrict program. The Elementary Strings program deficit was eliminated and the Interdistrict program deficit was reduced to \$55,429.
- During fiscal year 2020, there was a transfer of \$80,000 from the education budget to the Athletics account for pay for play. In 2019, the transfer was for \$50,000 and in 2018, it was \$0. These amounts were not recorded as transfers in the financial statements.
- The Rebates/E-rate fund paid \$98,222 toward debt service for the TD Bank equipment financing notes for IT related equipment
- The Open Choice program is a State program and should be recorded in the Education Grant Fund. It would be expected that the District would have incurred eligible expenditures during the each fiscal year in excess of the amount received.

## **Review of Accounting Policies and Procedures**

### **Special Revenue Funds Analysis**

#### **Procedures Performed**

- The Magnet School Transportation Grant program is a State program and should be recorded in the Education Grant Fund. It would be expected that the District would have incurred eligible expenditures during the each fiscal year in excess of the amount received.
- We noted that 5 funds did not have any activity for the past 3 fiscal years (**Exhibit 8C**).

#### **SRF-1 Recommendation**

We recommend that the District properly monitor special revenue funds activity and limit expenditures charged to each program to the available balance. Any disbursements in excess of available fund should be charged to the education budget.

#### **SRF-2 Recommendation**

We recommend that the District develop a plan to eliminate the deficits for the remaining special revenue funds.

#### **SRF-3 Recommendation**

We recommend that the Open Choice program and the Magnet School Transportation grant be recorded in the Education Grant Fund.

We also recommend that eligible expenditures be recorded in the grants funds to reduce the pressure on the education budget.

#### **SRF-4 Recommendation**

We recommend that the District review the current special revenue funds to determine the following:

- Whether the program should be reported as a special revenue fund or general fund budget line.
- Whether funds with positive balances that are not restricted for a particular purpose can be used to address the funds with deficit fund balances.
- Whether the fund should be recorded in another fund (THS funds).

## **Review of Accounting Policies and Procedures**

### **School Lunch Program**

#### **Background**

School lunch program funds are specifically referenced by State Statutes and the revenues generated by the program are restricted to support the program. The program is funded with federal and state grants, USDA donated commodities (federal) and charges for lunches.

#### **Procedures Performed**

We prepared an analysis of the School Lunch Funds' revenue and expenditures for fiscal years 2016 through 2020. The analysis is presented on **Exhibit 9**.

In reviewing the analysis, we noted the following:

- Over the 5 year period, excluding fiscal year 2020 which was impacted by the COVID-19 pandemic and excluding the transfers out of the fund discussed below, the program was break-even.
- The program is paying for all employee benefits including medical and dental, life insurance and pension. The fund is also paying for all payroll costs and the related employer match.

It should be noted that the majority of the school lunch programs are operating at a deficit and are NOT paying for employee benefits.

The benefit costs paid for by the program over the past 5 year period totaled \$2,481,686, net of employee contributions.

- We noted that for fiscal years 2016 and 2017, there were no employee contributions (health insurance payments w/h). We were unable to determine if the employee contributions were not required or were credited to the general fund.
- We noted that there were transfers of funds from the School Lunch Fund to the District budget for the fiscal years 2017 through 2019. Based upon discussion with the District, this practice was started based upon the recommendations contained in the Gibson Report dated October 13, 2013. The transfers were identified to be reimbursement for certain expenditures.

Item 6.4 of the Gibson report was as follows:

- Allocate general fund expenditures incurred by food services operation.

## Review of Accounting Policies and Procedures

### School Lunch Program

The District's responses were as follows:

- Recommendation requires additional study.
- Allocating additional expenditures to the food service program would reduce monies available for replacement of kitchen equipment.

The Finance Committee's response/comment was as follows:

Based upon input from District administration, this will not be pursued at this time.

We are not aware of any specific action by the Finance Committee to change this position.

- We noted at June 30, 2019, the school lunch fund had an ending fund balance of \$85,570. The amount charged back to the fund for fiscal year 2019 was \$80,000.

#### **CF-1 Condition**

We reviewed the supporting documentation available for the transfers from the School Lunch program to the general fund.

The only supporting documentation that was available was the journal entry that was prepared by the Business Manager to record the transfer. There was no supporting calculation for how the amounts were determined.

#### **School Lunch Program Fund**

As noted in **Exhibit 9**, the amount of costs charged back to the School Lunch fund by fiscal year were as follows:

2016	\$	-
2017		284,296
2018		80,000
2019		80,000
2020		-

## **Review of Accounting Policies and Procedures**

### **School Lunch Program**

For the fiscal year 2017, the types of costs included in the transfer were as follows:

Custodial support	\$ 124,247
Lunch aides	72,667
Utilities	23,925
Financial analyst support	10,000
Accounts payable support	1,000
Medical claims liability (IBNR)	46,457
Telephone	6,000
<b>Total</b>	<b>\$ 284,296</b>

For the fiscal years 2018 and 2019, the journal entry did not detail any calculation, but the description for the entry noted it was for custodial services.

#### **Recommendation**

We recommend that all costs allocated to the school lunch program fund be properly supported by actual costs or detailed calculations of any allocation of costs. Allocations should be supported by actual cost data and allocated using an appropriate base.

#### **CF-2 Condition**

The District allocated \$80,000 in expenditures in fiscal year 2019 to the school lunch program without consideration that the fund had a \$5,570 fund balance deficit.

The impact of the transfers of expenditures was to reduce the expenditures in the general fund and increase the expenditures of the school lunch fund.

Due to the fact that the fund did not have the resources to pay for the expenditures, this practice is contrary to proper accounting.

#### **Recommendation**

We recommend that before charging expenditures to any fund that the fund be reviewed to determine if there are funds available.

				<u>Exhibit 3</u>
<b><u>Trumbull Public Schools</u></b>				
<b>Analysis of Special Revenue Fund Salaries and Benefits</b>				
<b>For the Fiscal Years Ended June 30, 2018, 2019, and 2020</b>				
		<b>Salaries</b>		<b>Benefits</b>
<b><u>Fiscal year ended June 30, 2018</u></b>				
Driver's Education		\$ 143,985.00		\$ -
Athletics		112,434.70		-
PPS Medical program		57,158.40		-
THS Auditorium		5,090.41		-
Summer Explorations		200,365.96		4,539.66
Continuing Education		45,733.61		4,539.63
Elementary Strings/Band		72,766.38		-
THS AP Testing		1,821.25		-
Interdistrict		376,070.80		-
Open Choice		46,067.03		-
<b>Total</b>		<b>\$ 1,061,493.54</b>		<b>\$ 9,079.29</b>
<b><u>Fiscal year ended June 30, 2019</u></b>				
Driver's Education		\$ 123,325.00		\$ -
Athletics		125,666.53		-
PPS Medical program		58,593.60		-
THS Auditorium		5,126.59		-
Summer Explorations		199,199.97		4,575.48
Continuing Education		48,898.35		4,575.36
Elementary Strings/Band		182,282.18		-
THS AP Testing		8,742.00		-
Interdistrict		337,925.53		-
Open Choice		29,848.41		-
<b>Total</b>		<b>\$ 1,119,608.16</b>		<b>\$ 9,150.84</b>
<b><u>Fiscal year ended June 30, 2020</u></b>				
Driver's Education		\$ 85,300.00		\$ -
Athletics		3,670.00		-
PPS Medical program		60,049.60		-
THS Auditorium		363.48		-
Summer Explorations		185,261.82		4,910.75
Continuing Education		42,607.51		4,910.75
Elementary Strings/Band		52,538.00		-
Building Use		36,337.52		-
THS AP Testing		-		-
Interdistrict		347,717.88		-
Open Choice		27,105.45		-
<b>Total</b>		<b>\$ 840,951.26</b>		<b>\$ 9,821.50</b>

## Trumbull Public Schools

## Hired vs Terminated Analysis

For the Fiscal Years Ended June 30, 2018, 2019 and 2020

Job Title	Hired	Cost	Terminated	Cost	Net Hired vs Terminated	Net Cost
<b>For the Year Ended June 30, 2018</b>						
Food service/cafeteria	5	\$ 36,865	1	\$ 7,373	(1)	4 \$ 29,492
Custodial/maintenance	6	238,761	-	-	6	238,761
Paraprofessionals	25	417,849	4	72,648	(1)	21 345,201
Secretaries	7	180,676	1	25,811	(1)	6 154,865
Teachers	25	1,717,697	3	68,708	(1)	22 1,648,989
<b>Total</b>	<b>68</b>	<b>\$ 2,591,848</b>	<b>9</b>	<b>\$ 174,539</b>	<b>59</b>	<b>\$ 2,417,308</b>
<b>For the Year Ended June 30, 2019</b>						
Food service/cafeteria	7	\$ 85,088	1	\$ 12,155	(1)	6 \$ 72,932
CILU support	1	72,762	-	-	1	72,762
Custodial/maintenance	12	447,392	-	-	12	447,392
Health aides	1	-	(2)	1	-	(2) - -
Paraprofessionals	13	239,283	3	18,406	(1)	10 220,877
BD certified behavior analyst	1	71,732	-	-	1	71,732
Secretaries	5	113,336	1	22,667	(1)	4 90,669
Teachers	44	2,770,395	4	68,519	(1)	40 2,701,876
<b>Total</b>	<b>84</b>	<b>\$ 3,799,988</b>	<b>10</b>	<b>\$ 121,748</b>	<b>74</b>	<b>\$ 3,678,240</b>

## Trumbull Public Schools

## Hired vs Terminated Analysis

**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

	Job Title	Hired	Cost	Terminated	Cost	Net Hired vs Terminated	Net Cost
<b>For the Year Ended June 30, 2020</b>							
	Food service/cafeteria	10	\$ 124,777	-	\$ -	10	\$ 124,777
	Paraprofessionals	14	239,227	1	17,088 (1)	13	222,139
	BD certified behavior analyst	1	86,155	-	-	1	86,155
89	Interim Administrator	4	- (2)	-	-	4	-
	Secretaries	5	94,246	1	18,849 (1)	4	75,397
	Teachers	23	1,295,217	4	150,725	19	1,144,492
	Assistant principal/non teaching	1	142,758	-	142,758 (1)	1	-
	Certified admin/principals	1	171,117	1	171,117 (1)	-	-
	<b>Total</b>	<b>59</b>	<b>\$ 2,153,496</b>	<b>7</b>	<b>\$ 500,536</b>	<b>52</b>	<b>\$ 1,652,960</b>
	(1)	Actual cost of terminated employees was not provided. Amount presented is the average salary for the cost of new hires.					
	(2)	Data not provided.					

**Trumbull Public Schools****Special Education Analysis****For the Fiscal Years Ended June 30, 2018, 2019, and 2020**

		2018	2019	2020
<b><u>Excess Cost Students</u></b>				
Total actual expenditures	(1)	\$ 18,846,468	\$ 21,141,426	\$ 21,049,545
Total expenditure reported on excess reimbursement form	(2)	\$ 7,566,437	\$ 9,681,907	\$ 11,051,389
Total number of students reported on excess cost reimbursement form	(2)	101	112	129
Minimum threshold before costs are considered for reimbursement	(3)	\$ 71,908	\$ 72,510	\$ 74,969
<b><u>Special Education Student Population:</u></b>				
In district educated students	(4)	829	867	883
Outplaced students (tuition)	(4)	45	47	49
Total special education student population		874	914	932
Total student enrollment	(4)	6,827	6,854	6,873
Percentage of special education students		12.80%	13.34%	13.56%
(1) - Per Trumbull Public School general ledger				
(2) - Per excess cost reimbursement form				
(3) - Per State Department of Education				
(4) - Per Trumbull special education department				

Trumbull Public Schools**Energy Performance Project Activity Analysis**

	2016	2017	2018	2019	2020	Total
<b><u>Revenues</u></b>						
Rebates	\$ 310,204	\$ 683,370	\$ 405,998	\$ 5,396	\$ 64,789	\$ 1,469,757
Note issuance	925,034	4,130,000	1,700,000	-	-	6,755,034
Other	1,356	-	666	-	-	2,022
Total revenues	1,236,594	4,813,370	2,106,664	5,396	64,789	8,226,813
<b><u>Expenditures</u></b>						
Project expenditures	1,234,714	4,571,558	2,148,698	2,094	171,156	8,126,126
Excess (Deficiency) of Revenues over Expenditures	\$ 1,880	\$ 241,812	\$ (42,034)	\$ 3,302	\$ (106,367)	\$ 100,687
Lease payment	\$ 51,701	\$ 508,430	\$ 700,365	\$ 700,365	\$ 700,365	\$ 2,661,226
<b><u>Budgeted Amount</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 508,000</u></b>	<b><u>\$ 700,000</u></b>	<b><u>\$ 700,000</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$ 2,708,000</u></b>

## **Trumbull Public Schools**

## Energy Savings Analysis

**Trumbull Public Schools****Education Department Debt Service (including interest)**

<b>Fiscal Year Ended</b>	<b>Energy</b>		<b>Equipment</b>		<b>Total</b>
	<b>Performance Loans</b>	<b>Recommissioning Loans</b>	<b>Financing Loans</b>		
2015	\$ -	\$ -	\$ 154,374	\$ 154,374	
2016	51,701	-	154,374	206,075	
2017	508,429	-	228,164	736,593	
2018	700,365	-	358,872	1,059,237	
2019	700,366	36,675	334,191	1,071,232	
2020	700,365	69,762	495,648	1,265,775	
2021	700,365	69,763	630,478	1,400,606	
2020	700,366	33,088	499,770	1,233,224	
2023	700,365	-	370,078	1,070,443	
2024	700,365	-	208,622	908,987	
2025	700,366	-	-	700,366	
2026	648,665	-	-	648,665	
2027	317,994	-	-	317,994	
2028	126,058	-	-	126,058	
2029	126,058	-	-	126,058	
2030	126,058	-	-	126,058	
2031	126,058	-	-	126,058	
<b>Totals</b>	<b>7,633,944</b>	<b>209,288</b>	<b>3,434,571</b>	<b>10,180,761</b>	
<b>Interest</b>	<b>878,910</b>	<b>-</b>	<b>192,280</b>	<b>1,071,190</b>	
<b>Principal</b>	<b>\$ 6,755,034</b>	<b>\$ 209,288</b>	<b>\$ 3,242,291</b>	<b>\$ 9,109,571</b>	
High School		\$ 85,472			
Frenchtown		100,000			
TECEC		5,621			
Agriculture Science		18,195			
<b>Total</b>		<b>\$ 209,288</b>			
<b>Funding Sources</b>	Improvements to site budget	Electricity line	Technology budget		
			E-Rate funds		
			Equipment lines		

Trumbull Public Schools Analysis of Special Revenue Fund Activities For the Period July 1, 2018 through June 30, 2019							
Activity	2018			2019			Ending Fund Balance
	Revenues	Expenditures	Net Change in Fund Balance	Revenues	Expenditures	Net Change in Fund Balance	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
PE day	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,297.00
Enhancement Program	-	-	-	-	-	-	1,858.00
Driver's Education	162,560.00	196,392.30	(33,832.30)	141,295.00	131,669.48	9,625.52	15,208.00
Athletics	200,267.91	203,938.69	(3,670.78)	287,541.65	348,708.01	(61,166.36)	(63,237.00)
PPS Medical program	83,722.81	90,886.78	(7,163.97)	76,159.37	79,015.96	(2,856.59)	2,227.00
THS Auditorium	3,370.00	5,228.22	(1,858.22)	-	7,309.05	(7,309.05)	(19,194.00)
Summer Explorations	263,791.00	328,999.87	(65,208.87)	261,651.50	321,112.82	(59,461.32)	58,801.00
Continuing Education	81,423.25	80,537.14	886.11	171,090.00	155,581.84	15,508.16	(10,195.00)
ACE Foundation	-	-	-	-	-	-	58.00
Elementary Strings/Band	59,613.25	78,194.81	(18,581.56)	148,068.33	186,502.42	(38,434.09)	(105,665.00)
Take Home Device Insurance	20,937.50	13,136.93	7,800.57	36,535.00	38,852.26	(2,317.26)	5,483.00
Building Use	-	-	-	-	-	-	-
Voluntary Insurance	-	(2,250.89)	(2,250.89)	-	43.69	(43.69)	2,207.00
THS Musical	57,978.12	55,495.90	2,482.22	62,671.14	60,018.16	2,652.98	7,657.00
Rebates (E-rate)	72,790.90	84,032.66	(11,241.76)	252,547.17	186,950.80	65,596.37	60,596.00
Used Book Sales	-	-	-	-	-	-	2,145.00
Guidance/Testing	4,157.80	36,005.26	(31,847.46)	3,256.00	13,174.11	(9,918.11)	6,418.00
THS AP Testing	70,537.28	63,555.93	6,981.35	105,136.04	103,933.90	1,202.14	8,183.00
Interdistrict	330,132.67	402,655.14	(72,522.47)	356,781.67	430,859.27	(74,077.60)	(145,081.00)
Headstart Food	30,236.70	36,667.23	(6,430.53)	31,972.00	28,280.52	3,691.48	31.00
THS Connections	-	-	-	-	-	-	1,125.00
THS Culinary Kitchen Catering	5,434.00	4,130.00	1,304.00	5,713.79	6,600.04	(886.25)	9,434.00
Open Choice	166,948.00	156,128.38	10,819.62	145,919.00	180,894.85	(34,975.85)	44,846.00
Miscellaneous	-	-	-	-	-	-	10,401.00
Typical or Troubled Grant	-	-	-	-	-	-	643.00
Magnet School Transportation	62,400.00	62,400.00	-	50,700.00	50,700.00	-	-
Agriscience	3,431.00	1,526.68	1,904.32	236,926.00	193,654.46	43,271.54	47,609.00
Madison Grant	-	-	-	-	-	-	368.00
<b>Total</b>	<b>\$ 1,679,732.19</b>	<b>\$ 1,897,661.03</b>	<b>\$ (222,430.62)</b>	<b>\$ 2,373,963.66</b>	<b>\$ 2,523,861.64</b>	<b>\$ (149,897.98)</b>	<b>\$ (56,777.00)</b>

**Trumbull Public Schools**  
**Analysis of Special Revenue Fund Activities**  
**For the Period July 1, 2019 through June 30, 2020**

**Trumbull Public Schools**  
**Analysis of Special Revenue Fund Activities**  
**For the Period July 1, 2018 Through June 30, 2020**

Activity	2018	2019	2020	3 Year Total
	Net Change in Fund Balance	Net Change in Fund Balance	Net Change in Fund Balance	
PE day	\$ -	\$ -	\$ (1,050.00)	\$ (1,050.00)
Enhancement Program	-	-	(1,858.00)	(1,858.00)
Driver's Education	(33,832.30)	9,625.52	2,781.00	(21,425.78)
Athletics	(3,670.78)	(61,166.36)	57,881.00	(6,956.14)
PPS Medical program	(7,163.97)	(2,856.59)	(16,859.00)	(26,879.56)
THS Auditorium	(1,858.22)	(7,309.05)	(384.00)	(9,551.27)
Summer Explorations	(65,208.87)	(59,461.32)	(192,704.00)	(317,374.19)
Continuing Education	886.11	15,508.16	(14,430.00)	1,964.27
ACE Foundation	-	-	-	-
Elementary Strings/Band	(18,581.56)	(38,434.09)	105,665.00	48,649.35
Take Home Device Insurance	7,800.57	(2,317.26)	5,839.00	11,322.31
Building Use	-	-	26,650.00	26,650.00
Voluntary Insurance	(2,250.89)	(43.69)	2,013.00	(281.58)
THS Musical	2,482.22	2,652.98	(22,772.00)	(17,636.80)
Rebates (E-rate)	(11,241.76)	65,596.37	(2,016.00)	52,338.61
Used Book Sales	-	-	-	-
Guidance/Testing	(31,847.46)	(9,918.11)	3,504.00	(38,261.57)
THS AP Testing	6,981.35	1,202.14	10,604.00	18,787.49
Interdistrict	(72,522.47)	(74,077.60)	89,652.00	(56,948.07)
Headstart Food	(6,430.53)	3,691.48	2,033.00	(706.05)
THS Connections	-	-	-	-
THS Culinary Kitchen Catering	1,304.00	(886.25)	179.00	596.75
Open Choice	10,819.62	(34,975.85)	86,760.00	62,603.77
Miscellaneous	-	-	(8,000.00)	(8,000.00)
Typical or Troubled Grant	-	-	-	-
Magnet School Transportation	-	-	58,500.00	58,500.00
Agriscience	1,904.32	43,271.54	(33,242.00)	11,933.86
Madison Grant	-	-	-	-
<b>Total</b>	<b>\$ (222,430.62)</b>	<b>\$ (149,897.98)</b>	<b>\$ 158,746.00</b>	<b>\$ (213,582.60)</b>

## Trumbull Public Schools

## School Lunch Program Fund Analysis

	2016	2017	2018	2019	Change	2020	Change	Total	
Revenues:									
Food sales	\$ 1,958,297	\$ 1,946,923	\$ 1,870,525	\$ 1,763,492	\$ (107,034)	\$ 1,246,209	\$ (517,283)	\$ 8,785,446	
Food sales- COVID	-	-	-	-	-	116,036	116,036	116,036	
Misc. income	234	240	1,214	12,180	10,965	991	(11,189)	14,859	
Federal lunch reimbursement	312,946	260,343	311,542	422,670	111,128	309,159	(113,511)	1,616,660	
State match grant	19,815	39,676	19,385	20,787	1,402	15,243	(5,545)	114,906	
Fed breakfast	2,793	4,833	5,885	16,707	10,821	24,292	7,585	54,510	
7 cent certification	25,894	21,717	23,262	24,945	1,683	19,816	(5,129)	115,635	
10 cent hfc-state	80,600	1,247	38,770	41,575	2,805	30,486	(11,089)	192,677	
State breakfast grant	-	-	-	-	-	8,601	8,601	8,601	
Total revenues	2,400,578	2,274,980	2,270,585	2,302,355	31,770	1,770,832	(531,523)	11,019,330	
Expenditures:									
78	Lunch salaries	847,934	878,843	953,948	1,001,670	47,722	1,019,529	17,859	4,701,923
Cler.time-central off./general	-	-	-	-	-	-	-	-	
Cust./maint. - regular pay	-	-	-	-	-	-	-	-	
Total Salaries	847,934	878,843	953,948	1,001,670	47,722	1,019,529	17,859	-	
FICA	48,600	51,706	55,121	55,600	478	56,922	1,322	267,948	
Medical ins. gross	513,850	530,468	396,549	428,260	31,711	486,585	58,325	2,355,712	
Medical waivers	2,594	7,375	6,700	5,704	(996)	6,596	892	28,969	
Ltd insurance	-	-	313	321	8	324	3	958	
Life insurance	1,397	1,406	1,605	1,916	311	1,923	7	8,247	
Health ins payments w/h	-	-	(63,848)	(63,319)	530	(75,392)	(12,073)	(202,559)	
401a-tboe contribution	1,419	3,065	5,157	5,491	334	7,280	1,789	22,411	
Total benefits	567,859	594,019	401,598	433,973	32,375	484,237	50,264	2,481,686	

Trumbull Public SchoolsSchool Lunch Program Fund Analysis

	2016	2017	2018	2019	Change	2020	Change	Total
Other professional services	\$ 1,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,720
Repairs, service fees	28,020	32,269	24,693	32,174	7,481	23,425	(8,748)	140,581
Support - serv - comp. THS	6,083	-	6,494	7,210	716	7,365	155	27,151
Delivery expense (food)	2,670	2,835	2,373	851	(1,522)	1,398	547	10,128
Professional development	550	2,550	2,329	2,216	(113)	1,443	(774)	9,088
Mileage	1,459	332	146	244	98	166	(78)	2,347
Conference - other expenses	422	520	681	520	(161)	80	(440)	2,223
Postage	237	368	82	154	72	75	(79)	916
Telephone expense	-	-	-	-	-	-	-	-
Printing	2,940	3,219	3,283	3,171	(112)	3,848	677	16,461
Food expense commodities	35,744	38,652	36,963	38,681	1,718	35,830	(2,851)	185,869
Food expense purchases	787,320	778,366	788,624	786,409	(2,215)	647,394	(139,015)	3,788,112
Supplies	69,903	78,605	61,015	63,915	2,900	52,356	(11,560)	325,794
Subscriptions, periodicals	1,100	280	289	321	32	224	(97)	2,214
Improvements to site	35,560	1,812	13,747	21,883	8,136	8,387	(13,496)	81,389
Equipment	7,521	15,870	1,322	-	(1,322)	-	-	24,713
Dues and fees	90	2,692	600	-	(600)	676	676	4,058
Bank fees	995	1,629	1,917	516	(1,400)	1,125	609	6,182
Total expenditures	2,400,143	2,434,877	2,302,120	2,395,928	93,807	2,289,579	(106,350)	11,812,556
expenditures	\$ 435	\$ (159,897)	\$ (31,535)	\$ (93,573)	\$ (62,037)	\$ (518,747)	\$ (425,173)	\$ (793,226)
<b>Intergovernmental transfer</b>	<b>\$ -</b>	<b>\$ 284,296</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ (80,000)</b>	<b>\$ 444,296</b>	

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**Review of Budget  
Development,  
Budget Transfers  
and Actual  
Expenditures**

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## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **Background**

The budget support that were provided to review was contained in paper format in boxes that were in the former Business Manager's office.

We also requested any applicable electronic files that supported the adopted budget. We were informed by the Interim Business Manager that he was unable to find any electronic files on the budget directory on the network.

Certain files were obtained from the Payroll and Insurance and Benefits Department employees that were identified as the files that they had provided to the Business Manager at their request.

With respect to Special Education budget support we requested the budget support from the Interim Special Education Director. The Interim Director informed us that there were no files of any kind left, electronic or paper, in the former Special Education Director's office and therefore there was no budget support information for the special education budget, including transportation.

### **Procedures Performed:**

#### **A. Budget Development**

- We reviewed the available budget support and compared the support to the approved budget for the fiscal years 2018 through 2020.

The budget support provided for our review consisted primarily of multiple boxes of budget materials that were from the former Business Manager' office. There were not electronic files that could be located related the budgets on the District network. We were able to obtain files that had been provided to the Business Manager by the payroll department for salaries for each of the 3 years and from insurance and benefits department for the medical and dental insurance. It is unclear if the data was modified or updated by the Business Manager during the budget preparation process.

- We compared the available budget support to the adopted budget and calculated the difference
- We then compared the budgeted amount to the actual amount

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

The analysis of the following budget accounts is detailed in the “Review of Financial Reports Section” of the report:

- Health insurance coverage
- Extra/Substitute paraprofessional (special education)
- Custodians salaries and overtime
- Police
- Security guard salaries and overtime
- Maintenance employees and overtime
- Transportation
- Special education

The analysis of the following salaries, retirement payments and debt service is detailed below:

### **Salary budget support**

We reviewed the salary support provided by the payroll department for the fiscal years 2018 through 2020 and compared it to the adopted budgeted. The analysis is included in the schedule below.

**Budget Process Analysis**  
**Salaries**  
**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Fiscal year ended June 30,	Budget	Budget support	Difference	Actual	Variance
<b><u>2018</u></b>					
Salaries with budget support	\$ 65,862,363	\$66,021,329	\$ (158,966)	\$ 65,358,130	\$ 504,233
Salaries without budget support	1,953,522	-	1,953,522	2,612,863	(659,341)
Total salaries	<u>\$ 67,815,885</u>	<u>\$66,021,329</u>	<u>\$ 1,794,556</u>	<u>\$ 67,970,993</u>	<u>\$ (155,108)</u>
<b><u>2019</u></b>					
Salaries with budget support	\$ 68,065,247	\$67,400,027	\$ 665,220	\$ 68,081,817	\$ (16,570)
Salaries without budget support	2,327,219	-	2,327,219	2,819,786	(492,567)
Total salaries	<u>\$ 70,392,466</u>	<u>\$67,400,027</u>	<u>\$ 2,992,439</u>	<u>\$ 70,901,603</u>	<u>\$ (509,137)</u>
<b><u>2020</u></b>					
Salaries with budget support	\$ 69,892,201	\$70,237,030	\$ (344,829)	\$ 69,403,680	\$ 488,521
Salaries without budget support	2,137,760	-	2,137,760	2,388,322	(250,562)
Total salaries	<u>\$ 72,029,961</u>	<u>\$70,237,030</u>	<u>\$ 1,792,931</u>	<u>\$ 71,792,002</u>	<u>\$ 237,959</u>

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

Based upon our analysis, we noted the following:

- For fiscal years 2018 and 2020, the budget support is greater than the amount budgeted. Per discussion, with the payroll manager, the budget support provided by that department was for general fund only. By review of the file, only general fund account numbers are included in the file.

As noted above, since we do not have the actual files from the Business Manager, it is unclear if the data was modified or updated by the Business Manager during the budget preparation process. Therefore we cannot determine the reason for the differences noted.

- We noted that the salary object was over spent for fiscal years 2018 and 2019.
- Salaries for employees charged to other funds do not appear to be including the budget development process. Salaries for these employees could potentially have an impact on the budget process depending the levels of fund available from other sources as compared to the prior year.

### **BD-1 -Recommendation**

We recommend that the District implement formal policies and procedures with respect to the budget development process. The policies and procedures should address the requirements for the following areas:

- Format
- Supporting documentation for each significant budget line or category or department. This should include the nature and type of department and vendor supporting documentation required.
- Department responsibilities for preparation and retention of data provided
- Retention, storage and protection of budget data
- Requirement to review at a minimum of 3 years of prior year actual expended amounts and require justification for budgeting less than the 3 year average.
- Documentation of budget methodology for each type of expenditure that there is no detailed support.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **BD-2 -Recommendation**

We recommend that the District develop policies and procedures to manage changes to the salary budget object. The procedures should include the process for identification, communication and proper recording of salary changes. Salary changes for new hires and terminations should be recorded as budget adjustments so that new hire decisions can be made based upon and updated budget and available resources.

We also recommend that the policy specifically address the process, authority and reporting requirements for the use of the reserve for reallocation budget line (salary contingency).

### **BD-3 -Recommendation**

We recommend that all District employees be included in the salary budget development worksheet. This will ensure all employees are accounted for in the budgeting process. Employees charged to other funds should be identified and total by fund/program/grant that they will be charged to. This will also provide data necessary to evaluate whether the fund/program/grant has the resources to fund the salary or if the education budget may have to pay for some of the cost.

### **BD-4 -Recommendation**

Per State Statutes, the Board of Education must approve transfers between objects. Therefore, it would be expected that the salary object would not be overspent at year end.

We recommend that the District and Board of Education comply with State Statutes in managing the education budget.

### **Reserve for reallocation**

The District has a budget line labeled “reserve for reallocation” in the salary object section of the budget. The purpose of this line is a salary contingency for salary adjustments.

### **Procedures Performed (Additional)**

We reviewed the reserve for reallocation for the fiscal years 2018 through 2021. For the fiscal years 2018 through 2020 were reviewed the expenditure reports for any budget transfers (reallocations). We did not review the fiscal 2021 expenditure reports.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **Results of Procedure Performed**

The results of our review is detailed in the schedule below:

<b>Fiscal year ended</b>	<b>Budget</b>	<b>Budget Transfers</b>	<b>Revised Budget</b>
2018	\$ 158,453	\$ (104,922)	\$ 53,531
2019	\$ 313,048	\$ -	\$ 313,048
2020	\$ 183,554	\$ -	\$ 183,554
2021	\$ 1,448,751	N/A	N/A

Amounts were transferred to the following accounts:

Security guards	\$ 13,823
Custodians	71,057
Maintenance	20,042
Total	\$ 104,922
	(1)

### **Retirement payments**

### **Procedures Performed**

We reviewed the budget support for the fiscal years 2018 through 2020 and compared it the adopted budgeted.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **Results of Procedures Performed**

The results of the analysis is included in the following schedule:

**Budget Process Analysis**  
**Retirement Payments**  
**For the Fiscal Years Ended June 30, 2020, 2019, and 2018**

Fiscal Year Ended June 30,	Budget	Budget Support	Difference	Actual	Budget vs Actual
2018	\$ 728,625	\$ 709,813	\$ 18,813	\$ 905,802	\$ (177,177)
2019	\$ 303,500	\$ 376,250	\$ (72,750)	\$ 418,879	\$ (115,379)
2020	\$ 385,563	\$ 340,438	\$ 45,126	\$ 477,194	\$ (91,631)

Based upon our analysis, we noted the following:

- For the fiscal year 2019, the budget support is greater than the amount budgeted.
- We noted that the actual expenditures were in excess of the budget support and the budget for all 3 fiscal years.
- Based upon review of the detailed transactions in the account, we noted that there were also payroll amounts charged to this account for all 3 years.

The payroll amounts were determined to be payments to the employees who retired for unused sick time. Since the account is overspent, it does not appear that these payments were properly budgeted.

### **BD-5 Recommendation**

We recommend that the District properly budget for payments of vested sick time for employees who retire. Normally, in order to be paid for any vested sick time, adequate notification to the District is required (normally one year's notice).

We also recommend that the payouts for vested sick-time be budgeted for and accounted for in a separate account in order that it can be properly tracked and provide data for future budgets

We do not have any information regarding the impact of the COVID 19 pandemic on teacher and other retirements on the District's 2021 budget with respect to payouts for vested sick time.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **Debt service budget support**

We reviewed the salary support provided by the payroll department for the fiscal years 2018 through 2020 and compared it to the adopted budgeted. The analysis is included in the schedule below.

**Budget Process Analysis**  
**Debt service (Improvements to Site)**  
**For the Fiscal Years Ended June 30, 2018, 2019 and 2020**

Account name/ Fiscal year ended June 30,	Revised Budget	Budget Support	Difference	Actual	Variance
Site Improvements	\$ 700,000	\$ 700,365	\$ (365)	\$ (1,216,754)	\$ 1,916,754
Energy improvements	-	-	-	1,959,153	(1,959,153)
2018	<u>\$ 700,000</u>	<u>\$ 700,365</u>	<u>\$ (365)</u>	<u>\$ 742,399</u>	<u>\$ (42,399)</u>
2019	<u>\$ 700,000</u>	<u>\$ 700,365</u>	<u>\$ (365)</u>	<u>\$ 697,063</u>	<u>\$ 2,937</u>
2020	<u>\$ 800,000</u>	<u>\$ 700,365</u>	<u>\$ 99,635</u>	<u>\$ 806,732</u>	<u>\$ (6,732)</u>

Based upon our analysis, we noted the following:

- For 2018 expenditures were higher than the lease payments due to the project revenue and expenditure activity being recorded in this account. The excess of expenditures over rebates received of \$42,034 is the difference from the \$700,365. See **Exhibit 5A** for more details.
- For 2019 expenditures were lower than the lease payments due to the project revenue and expenditure activity being recorded in this account. The excess of rebates received over project expenditures of \$3,302 is the difference from the \$700,365. See **Exhibit 5A** for more details.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

- For 2020 expenditures were higher than the lease payments due to the project revenue and expenditure activity being recorded in this account. The excess of expenditures over rebates received of \$106,367 is the difference from the \$700,365. See **Exhibit 5A** for more details.
- We noted that the District has incurred additional debt for equipment financing notes (TD Bank) and therefore additional debt service expenditures. Based upon our review we noted that both the debt proceeds and the debt service for the related notes are being paid from the Hardware and Technology School – District Wide equipment account. There is also debt service being paid from the Special Revenue Fund activity Rebates (E-Rate). E-Rate monies are to be used for technology purchases.
- Beginning in fiscal year 2019, the District began using the equipment financing notes to fund other type of equipment other than technology related. The other type of capital items financed are listed below:

HVAC	2019	\$ 136,030
Vehicle	2019	54,488
Split Air	2020	115,888
Mower	2020	13,224
Band equipment	2020	<u>124,768</u>
Total		<u>\$ 444,398</u>

### **BD-6 Recommendation**

We recommend that the District properly record capital purchases and debt issuances gross as required by generally accepted accounting principles. This type of activity would be recorded in a capital project fund.

### **BD-7 Recommendation**

We recommend that the District establish debt service accounts (principal and interest) to properly record debt activity.

The improvements to site account should be used for non-maintenance related improvements to the District's property (if any) such as renovation to bathrooms or kitchens, etc.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **B. Budget Transfers**

- We compared the adopted budget, the expenditure budget and actual budget and the final budget to determine if there were any budget transfers made during the year.
- For budget transfers noted, we reviewed the Board of Education meeting minutes to verify that the transfers were properly approved.

#### **Results of Procedures Performed:**

The results of the procedures performed are detailed in the Compliance with Charter, Ordinance and State Statutes Related to Education section of this report since budget transfer requirements are governed by State Statutes.

### **C. Actual Expenditures**

We selected transactions for testing to determine if the cash disbursements were properly charged to the correct account number and correct accounting period.

#### **Results of Procedures Performed:**

The results of our testing are detailed on **Exhibit 1**.

#### **BD-8 Condition**

The results indicated that the District was not in compliance with the following policies and procedures:

- The Town's purchasing policy requirements
- The District's policy for requiring purchase orders for all purchases

#### **Recommendation**

We recommend that the District implement procedures to ensure that purchases are made in accordance with the Town's purchasing policy.

We also recommend that the District review the current policy in requiring all purchases to have purpose orders. Certain disbursements such as utilities, debt service, medical and dental payments by their nature and the fact that they are budgeted in separate accounts would not normally need a purchase order. Eliminating certain disbursements types from requiring purchased order reduces unnecessary processes and increase efficiency. The policy should be revised to clearly identify the types of purchases that require purchase orders and those that are exempt. For purchases that are determined to be exempt from purchase orders, proper approval for payment processing should be documented.

## **Review of Budget Development, Budget Transfers and Actual Expenditures**

### **BD-9 Condition**

We also noted that in certain instances, in our judgement the transaction was not charged to the proper budget account for 24 out of 125 transactions tested.

### **Recommendation**

We recommend that the District implement procedures and training to ensure that transactions are recorded to the proper account.

For fiscal year 2020, the State Department of Education as part of the audit of the EFS Form is requiring auditors to test up to 140 transaction to determine if the transaction is recorded in the proper account.

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## **Additional Procedures Performed**

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## **Additional Procedures Performed**

As a result of the additional procedures performed not included in other sections of the report are as follow:

### **Procedures Performed**

#### **Tuition Payment Claim**

We reviewed the relevant documentation related to the claim by the City of Bridgeport regarding the amounts due for tuition payments for special education students who were sent to the City's schools.

#### **Results of Procedures Performed**

Based upon review of the documentation provided and additional documentation that was provided by the District, it was determined that certain amounts were owed to the City of Bridgeport for special education services. The District has disputed certain invoices from the City which had not been resolved.

Upon discussion with the Business Office, we learned the City of Bridgeport owed the District \$894,001 for the fiscal years 2018 through 2020 tuition for the Agriscience program, which the City has refused to pay based upon the dispute related to the special education billing.

It is our understanding that the amounts due to and due from the City were resolved by the District without the need for any disbursement as both parties agreed to offset the amount due.