

TRUMBULL PUBLIC SCHOOLS
TRUMBULL, CONNECTICUT

Finance Committee Of the
Trumbull Board of Education

Meeting Minutes

Date of Meeting: Tuesday, April 26, 2022

Attendees: Committee Members: Jackie Norcel and Julia McNamee; Staff: Paul Hendrickson and Peg Brindisi; Public: Michael Barker, Mary Issac, and Cynthia Katske.

Location: Long Hill – Ellie’s Room

The meeting was called to order at 4:31 pm.

The minutes of the March 24, 2022 meeting were approved.

Mr. Hendrickson reviewed the financial reports as of March 31, 2022 including:

- a. Fund 001 the BOE General Fund
- b. Fund 009 the Town’s Fund for Non-Public school expenditures
- c. Fund 100 Student Activities
- d. Fund 200 State and Federal grants
- e. Fund 205 Special Revenue Funds
- f. Fund 210 Food Service
- g. Fund 300 Scholarships formerly Expendable Trust

Mr. Hendrickson stated that the cumulative percentage of budget spent year-to-date was 66.2%; in the past three years the percentage has ranged from 64.1% => 71.5%. He stated that salaries YTD were 62.3% of the salary budget while in the past three years salaries YTD have ranged from 60.1% => 64.1%. Salaries are approximately 66% of the budget.

The Town Accounts (009) had year-to-date (YTD) expenses of \$635,542 or 50.5% of the budget.

The Student Activities accounts (100) decreased \$721 from \$327,633 (2/28) => \$326,912 (3/31).

In reviewing grants (200), Mr. Hendrickson mentioned that all grants had been funded. The only account in deficit is the Head Start – Food grant which had a misclassification of some expenses which should have been included in the Head Start grant.

The Special Revenue Funds (205) had several accounts in a deficit position, two of which should be self-liquidating: THS AP Testing and Voluntary Insurance. A few accounts are in deficit due to encumbrances and deferred revenue.

The Lunch Account (210) had a profit in March = \$237,352. (February’s profit = \$168,937 while January’s profit = \$101,502). Under the Seamless Summer Option (SSO) the District had submitted its lunch claims

for February (\$341,276.35) and March (\$463,479.38), totaling \$804,755.73. The cash balance (3/31) = \$1,080,980 while the "Due to Town" account = \$785,306, resulting in a \$295,674 net cash position.

The Scholarship Fund (300) has had a net increase of \$35,706 since July 1st (\$128,362) => March 31st (\$164,068); the increase is primarily due to contributions of \$39,571 to the Chelsea Cunha fund.

Under Other Business, Mr. Hendrickson presented details of the Summer Explorations special revenue that the Committee had requested. Also, a list of six transfers was presented to Committee for zeroing out "Due To" and "Due From" accounts in various funds. Ms. McNamee made a motion to approve these transfers; the motion was seconded by Ms. Norcel. The Committee voted unanimously to approve the proposed transfers.

Ms. Julia McNamee made a motion to accept the Financial Report and forward it to the Board of Education. The motion was seconded by Ms. Jackie Norcel. The Committee voted unanimously to forward the Report to the Board of Education.

The meeting was adjourned at 6:12 pm.

Respectfully submitted,

Paul Hendrickson

Attachments

April 26, 2022 – Board of Education Finance Committee Report

Operating Budget (001):

- 1) The presentation begins with four graphs: Total Budget, Salaries, Benefits, and Utilities which illustrate the cumulative spend as a percentage of the respective budget.
 - a. Cumulative Total Board of Education Budget % by Month: 66.2% YTD
 - i. In the past three years this has ranged for 64.1% => 71.5%.
 - b. Salaries (which are approximately 66.0% of the budget) spent YTD = 62.3%
 - i. In the past three years this has ranged from 60.1% => 64.1%.
 - c. Benefits (which are 16.7% of the budget) spent YTD = 72.9%.
 - i. In the past three years this has ranged from 71.0% => 85.8%.
 - ii. Salaries and benefits make up 82.7% of the budget.
 1. Through March 31, 2022, we have spent 64.5% of the combined budgets.
 2. The range over the past three years has been 62.4% => 67.9%.
 - d. Utilities (Electricity + Water) spent YTD = 66.3% of budget.
 - i. Last three years: 59.4% => 95.7%
- 2) There are a few items I would like to point out under the **bolded** categories below (please refer both to the two-page summary and the fourteen-page detailed general fund financials in the package):
 - a. **Salaries:**
 - i. Paraprofessionals over budget by \$178,259.
 1. Due to significant post-budget para hiring as a result of move-ins.
 2. The deficit has been reduced since last month based on our examination of the run rate and encumbrances,
 - ii. Teachers have an available balance of \$932,537.
 1. Most likely this is due to the fact that no provision was made for staff turnover in the 2021-22 budget.
 2. \$300,000 has been budgeted for staff turnover in the 2022-23 Board of Education approved budget.
 - iii. Custodial Salaries: \$101,955 available
 1. The encumbrances were adjusted based on open positions in the Facilities Department.
 2. Currently four open positions; there were five, but Mr. Cote hired four people and three retired; net gain = one hire.
 - iv. Custodial Overtime Related accounts: -\$100,050 (total)
 1. Custodial Overtime: -\$68,252 deficit;
 2. School Overtime: -\$17,048;
 3. Snow removal: -\$14,7048;
 4. This deficit is primarily due to the custodial positions being short staffed.
 - v. Total Facilities / Maintenance Salaries: \$41,785 available
 - vi. Tech Support: \$42,879 available;

1. The Tech-Dist A/V/Ch-17 Technician position was budget for in 2021-22, but not filled; salary = \$39,698. It is not included in the 2022-23 budget.
- vii. Substitutes – Substitute Administrators: -\$76,911 deficit.
1. This is a new line item, a substantial contributor to the Substitutes' \$193,298 overage.
 2. The salary expense for Ms. Pat Fricilli, who substituted for Dana Pierce at Booth Hill, has been placed here for transparency. This has ended.
- viii. Salaries – Other: Available balance = \$29,392 (Total).
1. This \$68,517 increase in available balance from last month's -39,125 deficit is due to the examination and reduction of encumbrances from these accounts: Tutors Homebound, Tutors Tutorial, and Tutors Expulsion.
 2. This resulted in available funds of \$75,110.
- ix. Miscellaneous Salary Items: The available balance remained at \$57,810 month-to-month.
- x. Overall the available balance in salaries increased \$236,012 from \$472,273 => \$708,285.
- b. Employee Benefits:**
- i. The available balance in Benefit increase from \$25,621 => \$67,162 (a \$41,541 increase) due to adjustments in the Health & Dental encumbrances.
 - ii. Unemployment expense in March was only \$1,772, the encumbrance was adjusted which resulted in \$90,000 of available balance.
 1. Last four years' spend for this account has been \$27K, \$10K, \$128K, and \$72K.
 - iii. Due to greater participation in the 401(A) savings plan, the encumbrance was increased \$22,000 which results in a \$40,599 deficit in this account.
- c. Purchased Professional Services:**
- i. Legal – The available balance remained approximately the same month-to-month at about \$9,000.
 1. There may be more available balance; however, legal invoices are not timely, so this is difficult to predict.
 - ii. Service Contracts – The primary items in this category are:
 1. PPS-Health Services-Service Contracts is over budget by \$2,476 a reduction of almost \$24,000 from the \$26,274 deficit last month; the encumbrances were adjusted.
 2. Business Office – Admin – Prof. Purchased Services: The District's financial software - MUNIS = \$80,117
 3. Asst. Super-Info Svc-Dbase Students: Infinite Campus = \$170,713
 - iii. Consultants – PPS (\$208,147 over budget in January, \$153,522 in February; the March balance = -\$21,747; an overall deficit reduction of about \$190,000).
 1. This line items consists of a variety of blanket purchase orders covering a wide range of PPS services.

2. Dr. Hartman worked with the Business Office and adjusting her purchase orders to reduce this overage by closing purchase orders which are no longer required.

d. Purchased Property Services:

- i. Utilities (Electricity + Water) spent 66.3% of budget (previously mentioned).
 1. Last three years: 59.4% => 95.7%.
 2. However, Natural Gas (under Energy in the Supplies section) has only \$25,173 remaining in its \$435,000 budget. Mr. Cote has estimated that \$120,00 will be required for the remainder of the year.
- ii. Repairs and Service Fees: Director of Operations, Dave Cote desired greater granularity in his budget, so more line items were added (note that they have no budget). His overall budget did not change, he just added spending lines for more transparency.
 1. One item that I would like to point out is HVAC – Repairs and Service Fees is \$80,461 over budget.
 - a. One electric controller was literally fried – it cost \$62,901 to replace; however, the District received \$37,901 in insurance receipts (\$25,000 deductible).
 - b. Another controller had to be replaced due to an inability to get spare parts; it cost \$61,988.
- iii. The deficit increased from \$77,477 => \$121,815; the primary contributor was an increase in expenditures and encumbrance of approximately \$29,887 for Facilities – HVAC – Repairs & Service Fees for playground repairs.

e. Purchased Other Services:

- i. Transportation – SPED Summer Buses: Finished \$93,539 over budget.
 1. This is because prior administrations allocated part of the Excess Cost Reimbursement (ECR) to this line item artificially reducing the actual cost.
 2. The total available balance decreased \$26,855 from \$45,003 => \$18,148 due to a \$24,067 increase in Athletics transportation encumbrances for the Spring sports season.
- ii. Tuition: Over budget \$372,574;
 1. An increase of over \$90,000 in the month-to-month deficit. The deficit was 280,296 in February and \$90,058 in January.
 2. There were unexpected settlement payments.
 3. The tuition line also includes payments to Bridgeport for magnet school tuition.
- iii. Other Purchased Services: Super-Personnel-Other Purchased Services: \$51,904 over budget.
 1. NovaTime and Frontline are the primary items in this category.
 2. In 2020-21 the District settled up with NovaTime on deficient payments.
 3. In the fall of 2021 the District added some more Frontline applications and an Employee Assistance Program which caused a good part of the budget overage.

f. Property

- i. Building equipment: -\$130,304 over budget, up slightly since last month.
 - 1. Plumbing - An unforeseen expense of roughly \$87,360 to replace a THS water heater.
- ii. Building Improvements –
 - 1. Building Improvement Projects: -\$67,996 over budget.
 - a. This is due to \$73,355 to repair the bus depot stairs to satisfy a Commission on Human Rights and Opportunities (CHRO) complaint filed by the bus company employees.

g. Miscellaneous - Debt Service & Misc.

- i. 100% of this category has been spent or encumbered.
 - 1. Of the \$670,342 spent YTD approximately 86.8% (\$581,847) is for the semi-annual principal and interest payments on the two TD loans and the Bank of America loan.
 - 2. Both semi-annual payments on the two TD loans have been made this year.
 - 3. Over 96% of the remaining encumbrances (\$211,770 of \$220,073) are for the principal and interest payments on the second semi-annual payment on the BOA loan.
 - a. This payment will be made in late April.

Town Accounts (009)

- 1) March expenses = \$59,712; Month-to-month cumulative expenses were \$575,830 (2/28) => 635,542 (3/31).
 - a. YTD spent = 50.5% of the budget.

Student Activities Accounts (100)

- 1) The aggregate balance of accounts decreased \$721 from \$327,633 (2/28) => \$326,912 (3/31). The most significant transaction was a \$4,356 reduction in the THS Class of 2021, \$4,000 of which was a contribution to the Chelsea Cunha Fund.

Grants (200)

- 1) All grants have been funded.
- 2) The only grant in deficit is the Head Start – Food grant which had a misclassification of expenses that should have been included in the Head Start grant.
 - a. The deficit is \$13,651 while the Head Start grant has a balance of \$63,673.

Special Revenue Funds (205)

There are accounts that have negative year-to-date balances some of which are due to timing difference (Continuing Education, Inter-district, Summer Explorations), some due to method of presentation (self-liquidating accounts: THS AP testing and Voluntary Insurance), and some are unique.

- 1) Continuing Education: Deficit = -\$7,514, a \$5,008 reduction from the February deficit of -\$12,522 deficit, which was a \$6,876 reduction from January's -\$19,398 deficit.

- a. Down from -\$29,933 at December 31st.
- b. Last year's revenue = \$75,978 (v. \$48,915 YTD).
- 2) Elementary Strings / Band: -\$148,059 deficit
 - a. Up \$412 from February's -\$147,647 deficit.
 - b. Down slightly from -\$149,179 at January 31st.
 - c. Revenue received = \$48,986; same as last month.
 - d. I estimate that this account will finish the year approximately \$150,000 in deficit.
- 3) ELITE Business Program: -\$30,967 deficit
 - a. Down \$193 since -\$31,160 deficit at 2/28.
 - b. Total revenue of \$174,039 includes the transfer of \$150,000 from the non-lapsing account.
 - c. Expenditures = \$168,779, so the deficit is due to the \$36,2271 in encumbrances.
- 4) Inter-District: -\$35,750 deficit.
 - a. An increase of \$2,592 from last month's -\$33,158.
 - b. The accounting was modified last month to include accounts receivable as revenue.
 - c. This is similar to accruing expenses through encumbrances.
 - d. A tuition increase form \$3,600 => \$3,900 / year will be proposed.
- 5) Medicaid: -\$53,259 deficit.
 - a. An increase of \$12,078 from -41,181 last month.
 - b. The District has contracted with CompuClaim which administers the collection system for a more comprehensive effort to collect revenue.
 - c. The District was notified to expect a payment of approximately \$50,251.53 in June which will close the deficit significantly.
- 6) Summer Explorations = -\$176,264 for this fiscal year; a month-to-month reduction of \$5,505.
 - a. February's deficit = -\$181,769
 - b. \$40,808 revenue received, last year = \$176,321.
- 7) THS AP Testing: -\$122,649 deficit; this is the same as last month.
 - a. This account is self-liquidating, i.e., students will pay for the exams.
- 8) Voluntary Insurance: -\$78,004 deficit; a reduction of \$26,076 from last month
 - a. This account is self-liquidating, i.e., employees make monthly payments for additional insurance which reduces this account to \$0 at yearend.
 - b. Previous month end deficits were:
 - i. November = -\$176,522
 - ii. December = -\$157,282
 - iii. January = -\$130,559
 - iv. February = -\$104,080

Food Service (210)

- 1) March's profit = \$237,352
 - a. February's profit = \$168,937
 - b. January's profit = \$101,502
 - c. December's profit = \$102,005
 - d. November's profit = \$111,552
- 2) Under the Seamless Summer Option (SSO) program the District has submitted claims of:

- a. \$341,276.35 (February); received 4/22
 - b. \$463,479.38 (March)
 - c. Total = \$804,755.73 (February and March show up in accounts receivable)
 - i. The SSO program will end June 30th.
- 3) The District's cash account = \$1,080,980 while the "Due to Town Account" = \$785,306 which results in a \$295,674 net cash position.

Scholarships (300)

- 1) The balance of the Scholarship Fund increased \$35,596 since February 28th to March 31st, i.e., \$128,862 (2/28) => \$164,068 (3/31) and increased \$35,706 from \$128,362 (7/01) => \$164,068 (3/31). Primary transactions have been contributions to the Chelsea Cunha fund (\$39,571) and a donation from the Dick Seaman fund (\$4,640) to the ELITE program.

Answers to Questions received after sending out the March 2022 Financial Report:

- I have been asking for this for a while, but I will ask again. Can we please get a list of the number of paras per building, the number of hours each works, and what each does if possible (classroom ABA para, instructional para, admin)

1) Personnel assigned by building is a Human Resources function. I have relayed your question to Ms. Williams.

- So, there was literally no provision for retiring teachers last year? And do we have any different numbers for this year since the budget hearings?

1) Since there was no history of staff turnover being budgeted this item was not included in the 2021-22 budget. Based on surveys of surrounding towns during the 2022-23 budget period other districts were budgeting between \$150,00 => \$689,100 for this item. Ms. Williams and I are developing a methodology to calculate this; however, in the meantime, we believe that \$300,000 is a conservative estimate.

- The subs deficit is about double what we were last month, and it looks like it's the para subs. Any explanation for why the jump is so high?

1) Unfortunately, it has been my experience that good weather increases the need for substitutes.

- Why is health insurance almost 7x what it was last month?

1) Health insurance (net) was \$1,297,838 in March (\$11,968,682 (3/31) - \$10,670,844 (2/28)); in February it was \$1,320,535 (\$10,670,844 (2/28) - \$9,350,309 (3/31)). Please explain the question.

- I know some of the numbers under Health Insurance (top of page 15) balance out, but why is there such a deficit on health and dental benefits and then such a surplus for medical premiums?

1) The lines "Benefits – Health Premium Share Medical (and Dental)" represent the employee cost share. This is not a deficit, but it is the reduction in health benefits expense attributable to employee cost share.

- "Unemployment expense in March was only \$1,772, the encumbrance was adjusted which resulted in \$90,000 of available balance." Can you please explain?

1) Unemployment claims increase dramatically during the peak of COVID; some claims were valid, many were not. The unemployment budget is \$120,000 for 2021-22. The Business Office has been successful in refuting many claims, resulting in a monthly expense between \$2,000 => \$4,000. Based on this run rate the encumbrance was adjusted, freeing up more funds.

- "PPS-Health Services-Service Contracts is over budget by \$2,476 a

reduction of almost \$24,000 from the \$26,274 deficit last month; the encumbrances were adjusted.” What does the encumbrances were adjusted mean?

1) “Adjusting encumbrances” means closing an open purchase order because the required goods/services have been delivered or reducing the purchase order based on the run rate. The adjustments may be done by the purchase order originator or the Business Office.

- “Consultants – PPS (\$208,147 over budget in January, \$153,522 in February; the March balance = -\$21,747; an overall deficit reduction of about \$190,000).” This is great news, of course, but is there not a way to more accurately establish these costs along the way, through the year? Why did we estimate so much more than these turned out to be?

1) This is a question which I will pose to the Special Education Department. I suppose it is because the student special education population can change dramatically during the school year which may result in varying needs.

- What is our plan to pay for the expected natural gas overage? And why is there one – don’t we have an energy contract?

1) Natural gas does not have a contract. All purchases are made on the spot market.
2) The overage most likely will be funded by the funds available from the salaries’ accounts.

- Can you please explain more about the plan moving forward for the Repairs and Service Fees category?

1) The Director of Operations was given his budget. To make it more detailed, i.e., he activated many accounts which had been inactive, and chose to spend his approved budget for some of these items.

- Super-Personnel-Other Purchased Services: \$51,904 over budget. I understand your explanation for this, and thank you. I also realize the amounts are not large, but more generally – why do administrators add items that are not budgeted? Is this a conversation?

1) This item was added by the Superintendent and Human Resources Director to improve the professionalism of our hiring process.

- It looks as if the tuition line projected deficit is about \$100,000 more than last month. Can you please break down why this is the case?

1) Additional services were required per students IEPs. I do not have access to that information which is confidential.

- General questions on the ECR – maybe I can talk with you sometime tomorrow? I don’t want to get in the way.

1) ECR or Excess Cost Reimbursement is a detailed discussion. I would be happy to take you through it during our Finance Committee

meeting.

- On page 18, what is the \$51,000 overage in line 55900?

1) Please see above: Super-Personnel-Other Purchased Services.

- I'm assuming that the larger balances in areas like professional development, textbooks, and supplies are because of the freeze?

1) That is most likely an accurate assumption.

- I'm interested in knowing more about the PPS Testing Materials balance on page 21 – why is it seemingly untouched?

1) I will ask the Special Education Department to address that question.

- Why is there so much unspent in building furniture? It's spread across all the buildings, but it's almost \$100,000.

1) The Business Office is reviewing with the Superintendent all accounts which had large over or under expenditures to more accurately budget.

- Just curious why on page 23 so much unexpected building equipment was purchased? What are all the expenditures in the red in building improvements, right after?

1) Facilities-Building Improvement-Projects is \$67,996 over budget. This is due to \$73,355 to repair the bus depot stairs to satisfy a Commission on Human Rights and Opportunities (CHRO) complaint filed by the bus company employees.

- Can you please talk a little more about the ELITE encumbrances and how this will play out?

1) I will have to review this item with the Special Education Department.

- I think Jackie has already asked about Summer Explorations

1) I will have a handout on this subject for the Finance Committee meeting.

- Do we have any idea about what will happen with our food services account when the free lunch program ends?

1) Food Service Director Betty Sinko and I are preparing pro forma statements which we will review with the Superintendent on Wednesday, April 27th.