

GROTON BOARD OF EDUCATION
FINANCE/FACILITIES COMMITTEE MEETING MINUTES
JULY 2, 2024 @ 6:00 P.M.
CENTRAL OFFICE, ROOM 11/HYBRID

Members Present: Dean Antipas, Beverly Washington, Jennifer White (remote)

Also Present: Susan Austin, Sam Kilpatrick, Ray Engle (remote)

Chairman Antipas called the meeting to order at 6:04 p.m.

1. Review May 7, 2024 Meeting Minutes - Prior meeting minutes were reviewed and accepted.
2. Director of Finance Report – Mr. Engle reported that we have received approximately \$75,000 worth of invoices, which will be posted and paid next week. Fiscal Year 23 has been hard closed, which means there will be no more transactions. We just received the approval from the auditor to close it last Friday.

The 2025 year budget of \$87,958,484 has been entered but not yet posted. We are monitoring all expenditures and invoices to ensure we make every attempt to clear all obligations to reduce the deficit. We are expecting a \$35,000 credit from CREC, which will be applied to FY24. Ms. Austin stated that due to our Alliance District status, there is extra ARP ESSER funds that we are receiving from the state in the amount of \$225,000 for this year; it has to be spent by September. She is working with the Alliance District representative regarding the spending parameters.

Mr. Engle reviewed the auditors' management report (see attachment), which is a summary of what the auditors found. These findings are already being addressed, such as the development of cross-training procedures within the Business Office.

Mr. Engle reviewed the object code summary dated June 28, 2024, which shows we are \$870,777 in the negative (see attachment). He stated the process to generate the report is cumbersome and is susceptible to errors. He also reviewed the energy dashboard and health insurance dashboard (see attachments).

3. Director of Buildings & Grounds Report – Mr. Kilpatrick reported on the following summer projects:
 - The high school water heater was replaced at an estimated cost of \$76,000
 - The high school tennis courts were repaired at \$6,200
 - The middle school artificial infield is being refilled at a cost of \$2,700
 - A swing set is being added at CK at a cost of \$1,000
 - Moving Mary Morrison sign back about 10 feet as it's too close to the road
 - The wood gym floors at the FHS, GMS, CK, NEA are being refinished at an estimated cost of \$20,000
 - The playgrounds are in need of woodchips at an estimated cost of \$16,000
 - HVAC air filters are being replaced at all the schools at a cost of \$15,000
 - Damaged floor tile at the high school is being repaired at a cost of \$3,800
 - Excavation for the pergola at Charles Barnum is being completed

Mr. Kilpatrick stated that he went to a seminar last week that was hosted by the state Buildings & Grounds Association regarding HVAC testing and indoor air quality. We currently have money in the budget for HVAC testing, which is required in order to receive HVAC grants from the state.

3. Director of Buildings & Grounds Report (Cont'd)

The estimate of replacing the roof at CB is \$961,230. The architects are putting together all of the forms to share with the town to allow us to go out to bid.

There is a glycol leak at CK, which will need to be repaired. We will be dividing the music room wall at CK to give them two separate spaces; one for lessons and the other to hold music classes.

The meeting adjourned at 7:25 p.m.



Management
Town of Groton, Connecticut

In planning and performing our audit of the financial statements of Town of Groton, Connecticut as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. We previously provided a written communication dated June 25, 2024, on the entity's internal control. This letter does not affect our report on the financial statements dated June 25, 2024 nor our internal control communication dated June 25, 2024.

Vendor Master File – Board of Education

During our audit we noted that no review of the vendor master file is occurring and access to this file is not limited. Access to master vendor files for purposes of adding new vendors or updating existing data should be extremely limited. Information entered into master vendor files should be completed by one person and reviewed by a second. This limits the opportunity to set up a phantom vendor.

Recommendation – We recommend the Board of Education implement procedures to strengthen the controls around its vendor master file, including limiting the access to this file and segregating the duties of performance and review.

Financial Close Process – Board of Education

The financial close process at the Board of Education was delayed months beyond the required timeframe which caused the audit to be filed late with the State of Connecticut. This delay was primarily due to turnover within the Finance Department and various employee absences. As turnover in staff occurs, institutional knowledge can be time consuming to regain and cause further delays. It is important for the Board of Education to create strong internal control procedures and adequate staffing that incorporates an element of cross-training so that timelines can still be met when turnover or other employee circumstances occur.

Recommendation – We recommend that formal year-end procedures be developed to include but not be limited to specific due dates to meet state regulatory deadlines and assignments that are adequately delegated and staffed and include a subsequent reviewer. If the primary person responsible for the task is unavailable, the secondary person who has been cross-trained should complete the task in order for items to be completed within state deadlines.

General Ledger Maintenance – Board of Education

During our audit procedures, we noted several items that impacted the accuracy and completeness of the general ledger. Such items include:

- It was noted that there was a significant amount of BOE expenditures that were recorded to the incorrect period. Although the identification of these expenditures was ultimately identified by the Town's control environment, the BOE's control environment should have identified and corrected these errors.
- Delay in recording activity in BOE special revenue funds, particularly within the BOE grants fund, DOD fund, and School Lunch fund.
- Grant revenues and receivables should be recorded when earned and available. In the School Lunch fund, there was grant revenue that was received after year-end that was not recorded.

Recommendation – We recommend the policies and procedures of current controls to be reviewed and procedures over general ledger maintenance be updated.

Capital Assets – Construction in Progress

During our audit we noted that there was construction in progress that was expensed which related to projects from a prior year. Under generally accepted accounting principles, these projects should be reviewed on an annual basis for capitalization purposes and expensed in the year in which the expense incurred.

Recommendation – We recommend these projects should be reviewed on an annual basis for capitalization purposes and expensed in the year in which the expense incurred.

Fraud Risk Assessment

According to the *2024 Report to the Nations on Occupational Fraud and Abuse by the Association of Certified Fraud Examiners*, 43% of corruption cases are detected by tip. In contrast, internal audit, the second most common detection method for corruption cases, uncovered 14% of these schemes. External audits and reports from law enforcement accounted for far fewer discoveries of corruptions, just 3% and 2%, respectively, of these schemes. Additionally, of the whistleblower tips that led to the investigation of the cases, 52% of those tips came from an employee, 21% from a customer, and another 15% came from an anonymous source.

During the annual audit, we do obtain an understanding of the Town's internal controls and assess the risk of fraud and whether or not the financial statements would be materially misstated due to these risks; however, an audit is designed to provide reasonable, but not absolute, assurance. Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform an examination of all transactions, there is a risk that material misstatements or noncompliance or fraud may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs.

Recommendation – To address this risk, we recommend that the municipality perform a risk assessment to identify, analyze, and manage the risk of asset misappropriation. Risk assessment, including fraud risk assessment, is one element of internal control. Thus, ideally, the Town's internal control should include performance of this assessment.

The fraud risk assessment can be formal – performed by an outside accounting or consulting firm; or informal – performed by a management-level individual who has extensive knowledge of the Town that might be used in the assessment. The fraud risk assessment process should consider the Town's vulnerability to misappropriation of assets.

The fraud risk assessment should include a cybersecurity assessment. Cybersecurity is now considered a key business risk by most organizations. Being able to anticipate cybersecurity threats and develop strategies to prevent them is a critical part of a risk management program. Losses and recovery costs from data breaches, phishing attacks, ransomware and other incidents can be substantial. While the Town has implemented certain policies and procedures to reduce the risk of loss to a cybersecurity attack, a more formal approach to assessment and strategy is considered a best practice and should be considered.

An annual vulnerability assessment should be performed that identifies and evaluates exposures that could negatively impact the Town's ability to conduct business. This will identify your protected data, how it is stored, who has access, and other critical information. It is then analyzed for security gaps based on your existing environment, and strategies are developed to mitigate those exposures. Successful strategies also include robust employee training, penetration and compliance testing, and protocols for responding to actual breaches, viruses, and other attacks.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

* * *

This communication is intended solely for the information and use of management, the Town Council, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

West Hartford, Connecticut
June 25, 2024

Groton Public Schools

Date prep:

FY24 Budget Summary Review

6/28/24 12:51 PM

		FY24 Budget			FY24 Actual	Remaining	
Account	Object #s	2023-2024	Expenditures	Encumbered	Total	Balance	%
Salaries							
1 Administrators	105-109	5,139,279	5,181,380	7,213	5,188,592	(49,313)	(1.0%)
2 Teachers	101-104,123-127,151-152	35,924,586	28,991,092	6,507,920	35,499,012	425,574	1.2%
3 Non-Cert Aides	110-111,130-131,136,139	4,621,663	4,646,550	0	4,646,550	(24,887)	(0.5%)
4 Substitute - Cert & Non-Cert	120-121	1,057,434	1,469,721	0	1,469,721	(412,287)	(39.0%)
5 Clerical	112-114,132-134,144	2,059,296	2,203,650	85,129	2,288,779	(229,483)	(11.1%)
6 Custodial/Maintenance/Techs	117-118,129,137-138,147-148	3,685,428	3,443,965	122,355	3,566,320	119,108	3.2%
7 Campus Security/Supervision	128	190,167	266,387	14,353	280,740	(90,573)	(47.6%)
8 Total Salaries	100	52,677,853	46,202,745	6,736,970	52,939,715	(261,862)	(0.5%)
Benefits							
9 Health Insurance	201-202	6,881,439	6,509,428	372,098	6,881,526	(87)	(0.0%)
10 Workers Comp & Town Pension	211,213	1,089,758	1,089,747	0	1,089,747	11	0.0%
11 Social Security & Medicare	212,214	1,571,584	1,658,100	0	1,658,100	(86,516)	(5.5%)
12 Other Benefits	222-227	394,000	392,669	0	392,669	1,331	0.3%
13 Total Benefits	200	9,936,781	9,649,944	372,098	10,022,042	(85,261)	(0.9%)
Purchased Services							
14 Instructional Services	321-324	235,375	87,725	0	87,725	147,650	62.7%
15 Professional Services	331	310,731	444,029	18,234	462,263	(151,532)	(48.8%)
16 Other Prof Services	332	595,000	709,152	115,626	824,777	(229,777)	(38.6%)
17 OT & PT Services	333	750,000	110,080	643,595	753,674	(3,674)	(0.5%)
18 Legal	334	71,100	95,005	19,138	114,143	(43,043)	(60.5%)
19 Athletic Officials & Other Athletic Serv	341-342	82,390	78,069	0	78,069	4,321	5.2%
20 Computer Network Services	343	164,483	173,462	18,030	191,491	(27,008)	(16.4%)
21 Total Purchased Services	300	2,209,079	1,697,521	814,622	2,512,143	(303,064)	(13.7%)
Property Services							
22 Water & Sewer	410-411	101,807	107,372	10,420	117,791	(15,984)	(15.7%)
23 Trash & Snow Removal	421-422	138,341	114,142	3,204	117,345	20,996	15.2%
24 Repair/Maintenance	430-435,490-491,499	496,549	623,647	21,075	644,722	(148,173)	(29.8%)
25 Rental	441	135,267	141,705	6,555	148,260	(12,993)	(9.6%)
26 Total Property Services	400	871,964	986,865	41,254	1,028,119	(156,155)	(17.9%)
Transportation, Insurance, Communications, Tuition							
27 Transportation: Schools	510-513	6,171,636	5,668,172	596,497	6,264,669	(93,033)	(1.5%)
28 Transportation: Student Activities	587-596	175,933	178,703	17,749	196,451	(20,518)	(11.7%)
29 Transportation: Staff	580-584	153,750	47,706	1,300	49,006	104,744	68.1%
30 Insurance	522,525	457,874	455,544	0	455,544	2,330	0.5%
31 Communications	530-552	155,542	304,794	23,712	328,506	(172,964)	(111.2%)
32 Tuition: Special Education	561-563,568	4,068,674	3,613,992	207,678	3,821,671	247,003	6.1%
33 Tuition: Other	564-567	1,218,720	1,076,842	0	1,076,842	141,878	11.6%
34 Total Trans, Ins, Comm, Tuition	500	12,402,129	11,345,754	846,936	12,192,690	209,439	1.7%
Supplies							
35 Instructional Supplies	601-609,613-619,622-623,628	515,143	326,108	4,041	330,148	184,995	35.9%
36 Computer Supplies	610-612	235,900	194,813	1,278	196,091	39,809	16.9%
37 Electricity & Heating	631-633	1,652,798	1,868,568	214,004	2,082,571	(429,773)	(26.0%)
38 Transportation Supplies	634,656	374,029	393,935	23,376	417,312	(43,283)	(11.6%)
39 Textbooks & Library Books	640-642,645,647	90,368	36,056	32	36,088	54,280	60.1%
40 Facility/Maintenance Supplies	650,652-655,657,659	271,678	440,761	2,084	442,844	(171,166)	(63.0%)
41 Other Supplies (staff dev, PPE, etc)	621,624-627,690	89,660	69,700	21	69,721	19,939	22.2%
42 Total Supplies	600	3,229,576	3,329,941	244,835	3,574,776	(345,200)	(10.7%)
Equipment							
43 Instructional Equipment	730,735	73,734	13,013	7,080	20,093	53,641	72.7%
44 Non-Instructional Equip	731,736	10,000	13,615	0	13,615	(3,615)	(36.2%)
45 Total Equipment	700	83,734	26,628	7,080	33,708	50,026	59.7%
46 Total Dues & Fees	800	99,511	78,211	0	78,211	21,300	21.4%
47 GRAND TOTAL		81,510,627	73,317,609	9,063,795	82,381,404	(870,777)	(1.1%)



Energy Dashboard

Updated: December 1, 2023

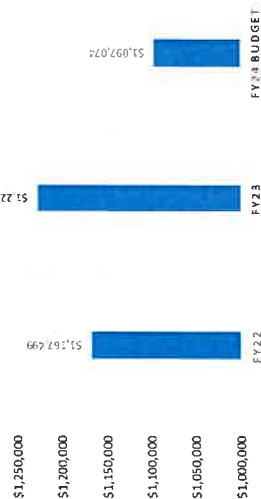
Notes:

Electricity: Eversource demand rates changing effective October 1, 2023

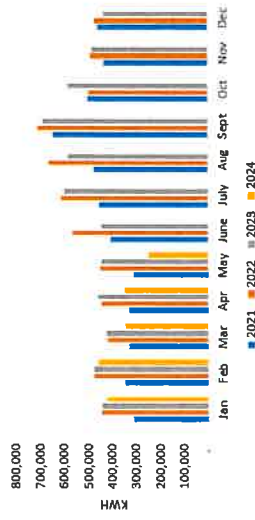
Natural Gas:

Oil: FY24 Price per Gallon is \$1.00 less than the prior year.

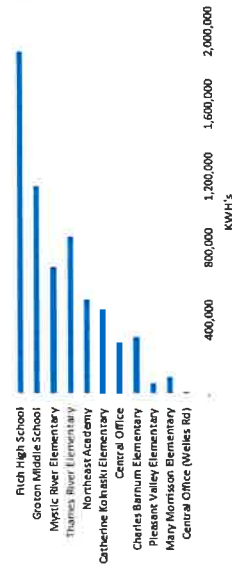
ANNUAL ELECTRICITY COSTS



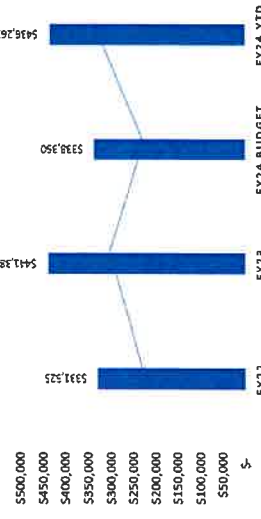
ELECTRICITY USAGE



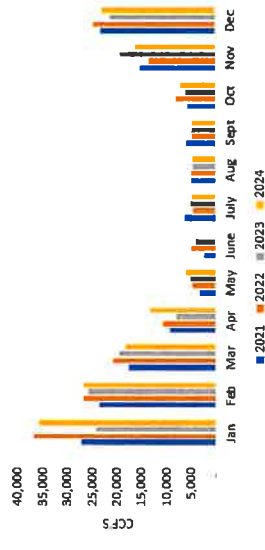
YTD ELECTRICITY USAGE BY LOCATION



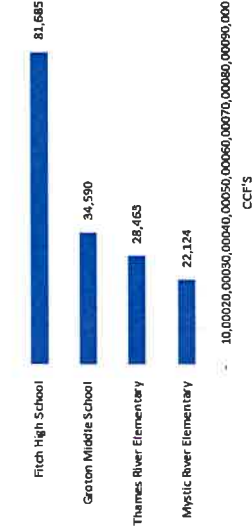
NATURAL GAS COSTS



NATURAL GAS USAGE



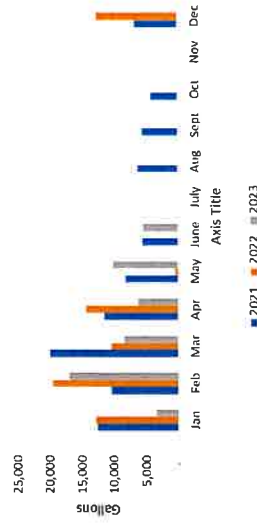
YTD NATURAL GAS USAGE BY LOCATION



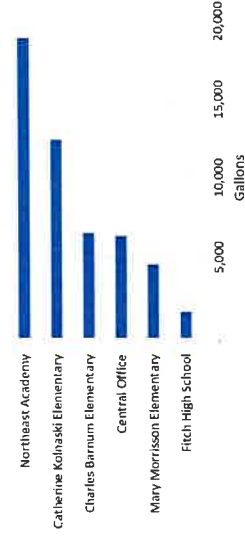
ANNUAL OIL COSTS



OIL USAGE



YTD OIL USAGE BY LOCATION





East River Energy

• Premium Quality Fuel Oils • Natural Gas • Electricity • Bio Fuels • HVAC

June 20, 2024

Groton Board of Education
Mr. Ray Engle
1300 Flanders Rd
Mystic, CT 06355

Submitted via Electronic Mail

Dear Mr. Engle:

East River Energy is pleased to confirm the following contract which has already been processed effective this date, as per the electronic mail exchanged between Raymond Engle of Groton Board of Education and Charlie Guadagnino of East River Energy.

East River Energy shall supply and the Groton Board of Education shall purchase the following as listed below.

Product	Contract Gallons	Contract Period	Fixed Price Per Gallon Excluding Taxes	Fixed Price Per Gallon Including Taxes
Dyed Ultra Low Sulfur Diesel Fuel	95,000	9/1/2024-8/31/2025	\$2.9207	\$2.9279
Heating Oil	50,000	9/1/2024-8/31/2025	\$2.9127	\$2.9219

Please note that diesel fuel is subject to L.U.S.T. of \$0.0010 per gallon, Federal Spill Fund Tax of \$0.002143 per gallon and Superfund of \$0.004050 per gallon. #2 Heating Oil is subject to NORA of \$0.0020 per gallon, L.U.S.T. of \$0.0010 per gallon, the Federal Spill Fund Recovery Tax of \$0.002143 per gallon and Superfund Tax of \$0.004050 per gallon.

East River Energy's payment terms are net 25 days.

Please indicate which option you choose above, sign below where indicated below, along with Attachment A, and return to my attention via email or facsimile immediately.

Thank you for your valued business. I look forward to continuing a mutually rewarding relationship.

Sincerely,

Electronically Signed By
Charlie Guadagnino
Commercial Fuels/Energy Management
CAG:kgf

Accepted by:

Dated: 6/28/24

Your Energy Partner

401 Soundview Road • P.O. Box 388 • Guilford, CT 06437-0388
203.453.1200 • 800.336.3762 • FAX: 203.453.3899

www.eastriverenergy.com

Est. 1984



East River Energy

Premium Quality Fuel Oils · Natural Gas · Electricity · Bio Fuels · HVAC

Attachment A

The price contained and offered in this contract is based upon the sale of the quantity of contract gallons as stated in the specifications. In the event that the customer exceeds 100% of the contract gallons during the contract period, East River Energy reserves the right to (1) extend the contract under the same terms and conditions, or (2) change the contract price to the Oil Price Daily New Haven Harbor Average posting, + \$0.3000 per gallon, plus applicable taxes. In the event that the customer purchases less than 100% of the contract gallons during the contract period, East River Energy reserves the right to (1) extend the contract under the same terms and conditions, (2) have the customer purchase at the contract price the difference between the contract gallons and the actual delivered gallons; East River Energy shall have no obligation to deliver remaining gallons, or (3) terminate the contract. Storage fees or liquidation charges may apply and customer will be responsible for payment of any storage fees or liquidation charges. East River Energy will monitor consumption on a monthly basis. East River Energy reserves the right to allocate committed gallons on a pro-rata basis over the term of this contract. Should customer request a #1 Diesel (Kerosene) blend, the #1 Diesel Fuel gallons delivered will be invoiced based on the prevailing market rate. East River Energy reserves the right to utilize OPIS postings at its discretion. Should customer request a Performance Bond, cost is \$15.00 per thousand with a minimum charge of \$100.00.

Customer agrees to the terms of sale as set forth in this contract. If customer fails to pay within the terms of contract, customer agrees that East River Energy has the right to charge, and customer agrees to pay, a finance charge of 1.5% per month on any unpaid balance. If East River Energy hires an attorney or collection agency to collect the amounts the customer owes, customer agrees to pay any costs and expenses, including reasonable attorneys' fees and/or collection agency fees, incurred in the collection of the account or in enforcing the contract. In addition, any credit balance remaining on an account will be applied to the following year's purchases. Please note that any change in State or Federal taxes/fees over the course of the contract period will be passed down to the customer and customer will be responsible for payment on such new tax/fee rate.

East River Energy reserves the right to refuse to deliver to any tank, which, in its sole discretion, is deemed unsafe. Deliveries will resume once the problem is corrected. In the event a "run-out" occurs at a "will-call" tank, East River Energy reserves the right to levy a surcharge commensurate to the cost of providing immediate delivery, if one is requested. In the event a driver is re-routed due to a will call customer not taking the full load as ordered, East River Energy reserves the right to levy a delivery charge. Customer acknowledges that all tanks and piping are in good condition and meet all State and Federal regulations and specifications. Product samples, when requested, must come directly off of the truck before delivery is made. East River Energy is not obligated to deliver to any tanks or locations other than what is stated in the contract and/or bid specifications. In addition, East River Energy reserves the right to levy a fuel surcharge. East River Energy does not provide assurances for fuel which the customer stores in their tanks, or the condition of their tank, leakage or environmental contamination. This is including but not limited to spillage and inaccuracy of fuel ordering. Customer is responsible to notify East River Energy if any tank is replaced, eliminated, or if there is construction work around a tank location. These changes could affect scheduled delivery times, hose lengths, and fittings required to make the delivery. Please have your maintenance personnel keep driveways, pathways and fills clear of ice and snow. This ensures ability of timely delivery and personal safety of our drivers. Demurrage will be assessed if a delivery is delayed at your location by circumstances beyond our control, and/or if our driver finds it necessary to clear ice or snow in order to deliver fuel to your tank(s). Customer is responsible to pay any demurrage, delivery or fuel surcharges assessed during the contract period.

Any unauthorized use, disclosure, distribution, copying or altering of any part of this document is prohibited. Any information included in this document is that of East River Energy, Inc. and intended solely for the recipient.

Publication: OPIS publications including the Oil Price Daily are copyrighted documents and therefore are not to be transmitted by East River Energy to the Customer by law. These publications change daily and it is the customer's responsibility to validate posted prices. The posting utilized will be most closely reflective of the product actually being delivered.

Force Majeure: East River Energy shall not be liable to the customer for any losses or damages to that customer in the event East River Energy is unable to fulfill its obligations under this agreement due to acts of God, fire, flood, war or any other causes beyond its control.

Signed by: Raymond B. Eyle Dated: 6/28/24
Printed Name: Raymond B. Eyle

Your Energy Partner

401 Soundview Road · P.O. Box 388 · Guilford, CT 06437-0388

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Est. 1984

Health Insurance Dashboard

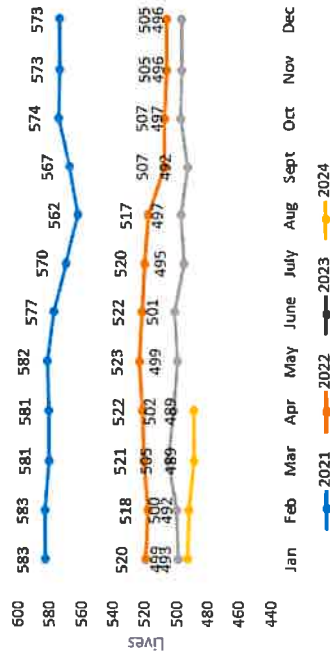
Updated: May 23, 2024



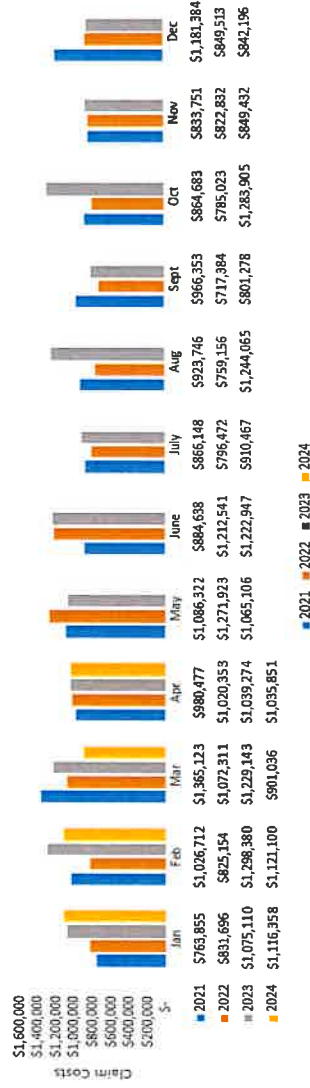
Notes:

Enrollment: Remains down (1.0%) from the same period last year.
Claim Costs: March 2024 monthly claim costs of ~\$901k are down from March 2023. Fiscal YTD claim costs are up 1.7%.
Claim Costs: Day to day claims (under \$50k) have decreased (20%), yet mid-tier claims (\$50k-\$200k) have increased 19%.
Claim Costs: Claims per employee per month has increased 39%.
Overall claims are trending upward by 8.33% over the previous year.
NOTE: The funding of the February claims has triggered the use of the Corridor reserve.

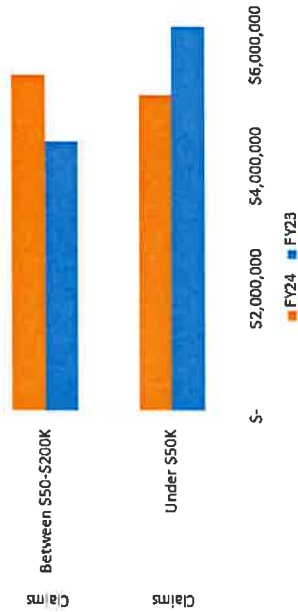
Enrollment in the Plan



Monthly Claim Costs



Claims by Size



Annual Health Insurance Costs

