

**GREENWICH PUBLIC SCHOOLS
MONITORING REPORT
FINANCIAL MANAGEMENT (E-020)
SEPTEMBER 2008**

BROADEST POLICY PROVISION:

The District will consistently implement transparent procedures and practices to provide adequate funding of the Board of Education's Mission and Vision, alignment with the District's Strategic Framework and the productive use of taxpayer resources and good fiduciary management. Consistent with the District's obligation to use taxpayer funds wisely, allocation of school resources should create a high value by maximizing both student achievement and District productivity, finding efficiencies wherever possible.

EXECUTIVE SUMMARY

The administration continues to make significant progress in the refinement of financial management systems, procedures and reports. Among other benefits, these systems and procedures increase the administration's and the Board's capacity to analyze whether spending patterns are aligned with needs and priorities. Many of the management issues identified in the last Monitoring Report can now be reported as accomplishments. One of the District's three self-supporting programs again incurred an operating deficit in 2008.

ACCOMPLISHMENTS

1. *Budgeting and accounting systems.* The monthly and end of year financial statements reflect sound financial management practices including a positive fund balance as of June 30, 2008. The administration has continued its efforts to align accounting conventions with financial reporting requirements, including but not limited to the annual ED001 report submitted to the State Department of Education. Given the impact of capital expenditures on the Net Current Expenditure per Pupil metric, the administration used more refined approaches to analyzing and reporting these expenditures.
2. *Interim appropriations.* The administration did not request any interim appropriations without due cause. The Board of Education authorized the administration to submit the following requests which were approved by the BET and the RTM.
 - a. \$500,000 – Anticipated operating expenditures from the dispersion of Hamilton Ave. students from the modular facility on an emergency basis; includes costs associated with related consulting services (Navigant, Hoffman, etc.). The entire \$500,000 was returned to the Town General Fund as part of the operating budget fund balance.
 - b. \$972,000 – Interim appropriation from capital non-recurring for the remediation of the modular facility, a project that was completed on time and under budget.
3. *Major Object Code (MOC) transfers.* Per the agreement between the Board of Education and the Board of Estimate and Taxation the administration submitted 182 transfers under \$10,000 totaling \$322,229 for review and approval by the Comptroller/BET during the

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fiscal year 08. The BET also approved an additional \$21,000 representing one major object code transfer exceeding \$10,000 in 2007-08. This is down from five MOC transfers exceeding \$10,000 for the period January 1-June 30, 2007.

4. *Special Education.* Gross program expenditures for 2007-08 showed no increase over 2006-07. Out-of-district tuition expenditures decreased 11.8%. This was offset by a 22% increase in the purchased services accounts, generally those related to Occupational and Physical Therapy (OT/PT). Special education transportation costs were flat. Both of these reflect continuing trends.
5. *Shared services.* Some of the costs associated with running the school system are budgeted and expensed in other Town departments' budgets, including employee benefits. These are reported annually as part of the ED001state report's schedule of in-kind services. Overall in-kind services increased 5.5% from the prior year to a total of \$30.3 million. Employee benefits make up 80.4% of total in-kind services and account for \$1.4 million of the \$1.57 million increase. Salaries from other Town departments allocated to the Board of Education in-kind services increased 5.81% over prior year, for a total of \$3,014,262.

Town of Greenwich General Department and Expense Allocation Percentages & Amounts

Department	05-06	06-07	07-08
Human Resources	32%	38%	35%
Treasury & Accounting	51.89%	51.34%	51.1%
Retirement	15%	15%	15%
IT (includes Internet service)	30%	30%	30%
Law Dept.	15%	16.5%	20%

6. *Gifts and donations.* The administration revised the gift reporting procedure and related forms to include donated *services* in addition to *cash, real and personal property*. This issue surfaced originally as part of the gifts and donations research project conducted jointly by the PTA Council and the school administration. Two schools requested and received gift cap waivers and three additional schools worked with the administration to develop and execute Memoranda of Understanding (MOU) to ensure school improvement projects conformed to Town and District standards. There was a 10% increase in gifts and donations between 06-07 and 08-09 and evidence that gaps among schools are beginning to close.
7. *Grants.* Given the increasing number and type of mini-grants awarded by the Alliance, the BOE, BET and RTM approved a budget resolution amendment which permits use of the Town's MUNIS system to manage these funds. Newly developed Title IX procedures have informed the use of funds donated to support athletic activities, including extended field trips.

8. *Self-supporting programs.* Through careful expense control, the Food Services program was able to contribute \$35,387 to the prior year's closing fund balance of (\$40,203) leaving the 6/30/08 fund balance at (\$4,826). The summer school program (now only partially self-supporting) did not exceed appropriation or revenue generated through tuition and donations. Additional detail will be provided as part of the summer school report.
9. *Continuing Education Enrichment Program.* This program has incurred increasingly large deficits over the past three years, reaching \$56,000 in 07-08. The administration has taken steps to impose stricter cost controls on fixed costs and is continuing to assess the viability of the program.
10. *Utilities.* The administration continues to closely monitoring utilities costs toward the goal of achieving efficiencies despite the volatile and escalating rates resulting in part from deregulation. In addition, the administration has drafted an energy efficiency procedure and is working closely with the Selectman's Energy Task Force to identify ways the school system might improve its overall energy efficiency.
11. *Post-mortem exercise.* For the second year in a row, the administration and the Board engaged in a post mortem review of the 08-09 budget development process. The shared conversation and insights gleaned from the process are informing the 09-10 development process in many ways. These include but are not limited to using a level services budget as the baseline for decision making, incorporating data generated last winter as part of the budget Q & A process into the budget book, and providing more detail about staffing by program and location.
12. *Tuition.* A number of systems improvements were initiated during the first full year Business Services had responsibility for tuition management (preschool, summer school, and employees' children). These have included the introduction of a credit card payment option and the use of student information data to generate both tuition invoices and summer school registration forms.

GOVERNANCE ISSUES

1. The relative growth in shared services as a percentage of overall District expenditures continues to suggest the benefits of policy level discussions with Town leaders about the current model. This data may also inform discussions and decision-making about the potential efficiency of any expansion in shared services
2. Given current Charter language, the Board may consider initiating discussions with Town elected officials and the Town Attorney based on the relative growth in the cost of legal services provided and/or funded through the Town Attorney's office. A comprehensive analysis of the number and types of issues which have required the services of an attorney with education law expertise should inform this discussion.

MANAGEMENT ISSUES

1. The District still needs to develop a Food Services capital investment plan to replace the past practice of funding capital improvements from the revenue fund balance. The need for this plan has been offset in part by the Glenville and Hamilton Ave. School construction projects, both of which incorporated cafeteria and equipment improvements.
2. The administration has refined procedures related to the competitive grant application process.
3. The administration needs to continue efforts to assist PTAs, schools and partner organizations such as the Alliance to report gifts and donations completely and consistently.
4. Efforts continue to reinforce general adherence to the Town and District cash management policies as they pertain to the timely receipt, deposit and reporting of gifts, donations, and other receipts.
5. The administration is continuing to strengthen systems and impose greater controls on what is a generally decentralized and frequently reactive approach to data collection and reporting.

I hereby present my monitoring report on the District Ends Policy “Financial Management.” I certify that the information contained in this report is accurate.

Signed: _____
(Betty J. Sternberg, Superintendent of Schools)

Date: _____

Attachments
Gift Report

2007-08 GIFT REPORT						
	2006-2007			2007-2008		
Schools	School	PTA	Total	School	PTA	Total
Cos Cob School		51,811	51,811		63,949	63,949
Glenville School		52,029	52,029		48,119	48,119
Hamilton Avenue School	1,279	2,890	4,169	11,098	14,814	25,912
ISD School		58,143	58,143		66,139	66,139
Julian Curtiss School		63,738	63,738		60,329	60,329
New Lebanon School		17,349	17,349		15,078	15,078
North Mianus School		65,749	65,749		64,950	64,950
North Street School		61,258	61,258		63,656	63,656
Old Greenwich School		66,325	66,325		68,426	68,426
Parkway School		64,942	64,942		65,457	65,457
Riverside School		63,987	63,987	1,400	62,912	64,312
Central Middle School		29,386	29,386	24,867	34,149	59,016
Eastern Middle School	2,480	22,748	25,228	8,283	43,381	51,664
Western Middle School	18,468	31,676	50,144	8,226	32,740	40,966
Greenwich High School	290,315	176,571	466,886	326,690	214,759	541,449
Havemeyer District	67,511		67,511	47,921		47,921
The Alliance*						<u>115,142</u>
	\$380,052	\$828,602	\$1,208,655	\$428,485	\$918,859	\$1,347,344

*Does not include grants to other organizations which in turn provide services to schools (Arts Council, SoundWaters)