



Brookline Public Schools

Brookline Adult & Community Education

Fund – Financial Analysis – (Fiscal Years 2017-2021)

Findings and Recommendations

Final Report

May 2021

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Fiscal Years 2017-2021 – Brookline Adult & Community Education Fund Financial Analysis – Summary Report

The Public Schools of Brookline, Massachusetts – Summary Report of Financial Analysis Services Performed and Corresponding Results

Project Overview

The Public Schools of Brookline, Massachusetts engaged CliftonLarsonAllen (formerly blumshapiro) to perform financial analysis services pertaining to the Brookline Adult & Community Education (BA&CE) fund for the fiscal years 2017-2021. The areas analyzed included the following:

- A. Consulting Report – Review and recalculation of financial data presented within the third-party consulting report (Heller and Heller Consulting, LLC) including corresponding fund balance for each fiscal year.
- B. BA&CE Fund Trial Balance – Review and recalculation of financial data presented within trial balance reports including corresponding fund balance for each fiscal year.
- C. Loan Journal Entries – Review of journal entries pertaining to the loan/borrowing of BA&CE funds by the School District for the payment of payroll expenses.
- D. Undesignated Fund Balance – Review, recalculation, and determination of fund balance across all fiscal years in the period.
- E. Due To/From – Review of BA&CE fund due to/from activity including net impact to overall fund balance.
- F. Fund Budget Transfers – Review of BA&CE fund budget transfer activity against the revolving fund account including net impact to overall fund balance.
- G. Expense Analysis – Review and high-level analysis of expenditures.
- H. Application Review – Confirmation of the MUNIS and CampusCE technologies used to process financial and program information for BA&CE.
- I. Other Considerations and Recommendations – CLA provided additional BA&CE recommendations based on the engagement.



A. Consulting Report Analysis Overview

CLA obtained the Brookline Adult and Community Education Operational Review report dated from Winter 2019 performed by Heller and Heller (H&H) Consulting, LLC. CLA reviewed the report and assessed the Financial Review section showing analysis of the BA&CE fund activity and balance for fiscal years 2016 to 2018. CLA performed a simple recalculation of the fund balance amounts using revenue and expense data within the report noting differences and discrepancies.

Report Analysis Results

CLA identified multiple mathematical errors as well as a labeling error (fund deficit is portrayed as a “surplus”) within the report presenting inaccurate fund activity and corresponding fund balances for the fiscal years assessed in the report. CLA recalculated the H&H Consulting figures provided within the Financial Review section of the overall Operational Review report and noted multiple financial discrepancies. Moreover, CLA noted that the fund balance presented within the report does not agree to the financial data within the MUNIS budget reports. In fact, two figures were identified as BA&CE surplus when they were deficit figures. See Appendix A for additional information.

B. BA&CE Fund Balance Analysis Overview

CLA obtained the Brookline Public School-BA&CE MUNIS budget reports for the in-scope fiscal years and created a summary analysis of financial patterns and trends over the years. The budget reports included financial data from period 01 through period 13 for the in-scope fiscal years. Based on our assessment, fiscal years FY 17-18, FY 18-19, FY 19-20 and FY 20-21 all ended the year with deficit balances. See Appendix B for details.

Report Analysis Results

CLA confirmed that at the end of fiscal year 16-17, BA&CE had a fund balance (surplus) of approximately \$1,298,570 dollars. However, every fiscal year after this initial period, expenditures exceeded revenues (deficit balance) and reduced the fund balance annually. The fiscal year 19-20 (COVID year) had a very significant end of year deficit of \$692,811 which brought down fund balance to \$213,918. Fiscal Year 20-21 is also heading towards a deficit balance. Management is aware of this situation and attempting to reduce overhead and costs.

C. Journal Entry Analysis Overview

CLA obtained the corresponding supporting documentation for the three (3) journal entries that pertained to the borrowing/loan of monies to the School District from the BA&CE fund. This includes the two (2) due to/from entries #3742 and #77, as well as the automatic MUNIS system adjusting journal entry #78. CLA reviewed the entries to ensure that the monies borrowed by the School District were returned to the BA&CE fund. CLA also compared the entries to the information within the MUNIS Detailed Trial Balance reports to ensure accuracy and completeness of the data within the financial management system.



Report Analysis Results

CLA noted that the borrowing initiated by the #3742 journal entry transaction was subsequently reversed by the #77 journal entry; the “loan” amount was repaid/returned to the BA&CE fund in full. Journal entry #78 is the result of the MUNIS system automatic year-end “clean-up;” it does not represent an imbalanced entry. See Appendix C for additional information.

D. Undesignated Fund Balance Analysis Overview

CLA obtained the detailed trial balance information for the undesignated fund balance account (SE22-3SE-30S-BS0-000-07d-350000) for the BA&CE fund for the applicable fiscal years and reviewed the information for financial patterns and trends. CLA also reviewed and recalculated the fiscal year-end financial close entries posted to the account to ensure accuracy of the fiscal period financial activity as well as the corresponding fiscal year-end account balances.

Report Analysis Results

CLA noted that the beginning balances, the financial activity of the period, and the ending balance figures agree to the fund balance analysis performed within section B (presented above). CLA also noted that entry #78 was part of a year-end close process within MUNIS and not a manual journal entry.

E. Due To/From Analysis Overview

CLA obtained the due to/from supporting documentation for the BA&CE fund for the applicable fiscal years and created a listing summarizing the information for analysis of financial patterns and trends. CLA reviewed the summary listing specifically for consistently recurring accounts within and the overall net effects of the corresponding financial activity.

Report Analysis Results

CLA noted nothing of significance.

F. Budget Transfer Analysis Overview

CLA obtained the budget transfer supporting documentation for the BA&CE fund for the applicable fiscal years and created a listing summarizing the information for analysis. CLA reviewed the summary listing specifically for consistently recurring accounts within and the overall net effects of the corresponding financial activity.

Report Analysis Results

CLA noted nothing of significance.



G. Expense Analysis

CLA obtained the detailed trial balance information and reviewed the various expense accounts for the in-scope fiscal years. There are numerous (actually, too many) expense accounts and their respective use seem to be varied over the past several years. As a result, it was very difficult to perform any reasonable or reliable expense analysis.

CLA did identify one expenditure for “Other Rental/Leases” for Fiscal Year 19-20 that was of significance in the amount of \$195,636. Upon discussion with the Business Office, this was a new expenditure based on prior year usage of BA&CE usage of the Public School’s facilities. It was also noted that during COVID operations, BA&CE offered a number of discounted or free programs and continued to pay rental fees (meaning it cost BA&CE money to run certain classes and programs during COVID between rentals and salaries). The Business Office performed a detailed assessment and developed a cost model (in Excel) for BA&CE rental of the Public Schools facilities.

Report Analysis Results

As previously identified, developing a realistic expenditure analysis was difficult to perform. CLA recommends consolidating the number of expenditure accounts from approximately 70 accounts down to 15 - 20 in order to better understand and compare expenses. In addition, further review, analysis and discussion needs to take place with the Business Office regarding the cost model for BA&CE rental of the Public Schools facilities.

H. Application Review

CLA reviewed the use of CampusCE and the integration with MUNIS (financial management system). The CampusCE Education Management System enables BA&CE to provide course planning and scheduling, along with streamlining program/course registration process. Users go into the CampusCE system to self-register and sign up for programs. This software also handles all payments and credits for the courses.

All financial information generated by CampusCE is manually entered into MUNIS on a regular basis.

Report Analysis Results

During our review of CampusCE and MUNIS, it was identified that although the revenues were manually brought over from CampusCE to MUNIS on a regular basis, user training credits were not. User training credits maybe applied to future courses or a refund check could be requested. However, MUNIS is not storing/tracking this potential liability for BA&CE. We recommend that this liability figure (total \$ value) be entered/represented within MUNIS on a quarterly basis.

I. Other Considerations and Recommendations

Based on our review of the BA&CE financial situation and overall processes, CLA recommends the following:



1. Due to the current financial situation at BA&CE, the operation needs to consider hiring a part-time Bookkeeper to monitor and track financial activities. This includes producing and reviewing monthly financial statements to validate BA&CE financial position. As part of this effort, the Bookkeeper should also provide and present this information to the BA&CE Advisory Board on a monthly basis.
2. Based on our interviews with BA&CE employees, there were no documented policies, procedures, protocols and/or other working documents regarding how the BA&CE and the Public Schools of Brookline work together and operate (either as separate entities or a single District).

However, upon discussions with the Deputy Superintendent for Administration and Finance, we were able to locate several documents, including Policy #07-20 that provided some insight for the BA&CE, general relationship with the Brookline Public Schools and overall governance and operations. However, this document has not been updated since November 2008.

- a. CLA recommends updating this document to formalize a number of tasks/activities including (but not limited to) the following:
 - i. How the Brookline Public Schools calculates rental of facility charges
 - How often is can rates change?
 - Who reviews, approves and signs-off on either the rate changes and/or approach?
 - ii. Confirmation and calculation of other expenses that BA&CE is responsible for as part of their operations
 - Enterprise fund benefits assessments
 - Other expenditures that BA&CE is responsible for
 - iii. Formal review and approval of all meeting minutes
 - These minutes need to be saved, stored and accessible by the Public
 - iv. Formal review and approval of BA&CE's monthly financial statements
3. During our review of the BA&CE financial operations, we requested but were not able to obtain policy and procedures manuals that documented the overall operations. CLA recommends that a financial operations/policy and procedures manual be generated to outline the protocols that BA&CE needs to follow.



Appendix A

**Public Schools of Brookline Massachusetts
Financial Analysis Services**

Brookline Adult and Community Education (BACE) Financial Analysis - H&H Consulting Report Financial Review Reperformance

Source: CLA obtained the Brookline Adult and Community Education Operational Review created by Heller and Heller Consulting, LLC (outside consultant) from Michelle McGlone, BACE Director, on 3/30/21 presenting an operational and financial review of the BACE enterprise fund for the period of FY2016-2018.

Procedure: CLA obtained the Brookline Adult and Community Education Operational Review and created a summarization of the financial review information within the report to assist in determining fund balance status at each fiscal year end (FYE) and any associated discrepancies between the H&H Consulting figures and the CLA reperformance numbers.

Conclusion: CLA notes per the analysis below that the BACE enterprise fund (SE22) is not in a net surplus position in the amount of \$1,015,193 for FYE2018, but rather a net deficit position in the amount of \$(540,051). This was a result of incorrect calculations used by H&H Consulting in determining the net income/(loss) of the fiscal years. See below for additional information.

Tickmarks:

A CLA was not provided financial information for the period of FY15-16 as this was not within the scope of the engagement, as a result CLA is unable to compare the financial information for that specific fiscal period.

Year	Category	Budget Amount per Budget Report (Munis)	Actual Amount per Budget Report (Munis)	H&H Consulting Budget	H&H Consulting Actual	CLA Reperformance of H&H Consulting Budget Amount	CLA Reperformance of H&H Consulting Actual Amount
FY15-16							
	Beg. Balance		\$ -		\$ -		\$ -
	Revenues	A	A	\$ 1,359,897.00	\$ 1,197,696.00	\$ 1,359,897.00	\$ 1,197,696.00
	Expenses	A	A	\$ (1,359,897.00)	\$ (1,335,450.00)	\$ (1,359,897.00)	\$ (1,335,450.00)
	<i>Net Income/(Loss)</i>		A		\$ 137,754.00	\$ -	\$ (137,754.00)
	End. Balance		-		\$ 137,754.00		\$ (137,754.00)
FY16-17							
	Beg. Balance		\$ -		\$ 137,754.00		\$ (137,754.00)
	Revenues	\$ 1,473,094.00	\$ 1,612,877.39	\$ 1,473,094.00	\$ 1,612,363.00	\$ 1,473,094.00	\$ 1,612,363.00
	Expenses	\$ (1,505,881.57)	\$ (1,388,557.28)	\$ (1,473,094.00)	\$ (1,375,049.00)	\$ (1,473,094.00)	\$ (1,375,049.00)
	<i>Net Income/(Loss)</i>		\$ 224,320.11		\$ 237,828.00		\$ 237,314.00
	End. Balance		\$ 224,320.11		\$ 375,582.00		\$ 99,560.00
FY17-18							
	Beg. Balance		\$ 224,320.11		\$ 375,582.00		\$ 99,560.00
	Revenues	\$ 1,476,293.00	\$ 1,419,174.14	\$ 1,476,293.00	\$ 1,421,764.00	\$ 1,476,293.00	\$ 1,421,764.00
	Expenses	\$ (1,481,599.39)	\$ (1,587,904.86)	\$ (1,476,293.00)	\$ (2,061,375.00)	\$ (1,476,293.00)	\$ (2,061,375.00)
	<i>Net Income/(Loss)</i>		\$ (168,730.72)		\$ 639,611.00		\$ (639,611.00)
	End. Balance		\$ 55,589.39		\$ 1,015,193.00		\$ (540,051.00)



Appendix B

Public Schools of Brookline Massachusetts						
Financial Analysis Overview						
Brookline Adult and Community Education (BACE) Financial Analysis - Fund Balance Analysis (Overall)						
Source:	CLA obtained the MUNIS Budget Reports with Fund Balance from Michelle McGlone, BACE Director, on 3/30/21 presenting the financial activity for the BACE Revolving fund for the period of FY2017-2021.					
Procedure:	CLA obtained the multiple fiscal year Budget Reports with Fund Balance and created a summarization of the financial information within the report to assist in determining financial trends, patterns and current fund balance status.					
Conclusion:	CLA notes that the BACE Revolving fund has been consistently producing a net (loss) since FY17-18 with net (losses) increasing every year, the current Revolving fund balance is approximately \$42,544.17. See below for additional information.					
Tickmarks:						
Year	Category	Original Appropriation	Transfers / Adjustments	Revised Budget	Actuals	Available Budget
FY16-17	Beg. Balance				\$ 1,074,250.87	
	Revenues	\$ 1,422,414.00	\$ 50,680.00	\$ 1,473,094.00	\$ 1,612,877.39	\$ 139,783.39
	Expenses	\$ (1,422,414.00)	\$ (83,467.57)	\$ (1,505,881.57)	\$ (1,388,557.28)	\$ 117,324.29
	Net Income/(Loss)	\$ -	\$ (32,787.57)	\$ (32,787.57)	\$ 224,320.11	
	End. Balance	\$ -			\$ 1,298,570.98	
FY17-18	Beg. Balance				\$ 1,298,570.98	\$ -
	Revenues	\$ 1,476,293.00	\$ -	\$ 1,476,293.00	\$ 1,419,174.14	\$ (57,118.86)
	Expenses	\$ (1,476,293.00)	\$ (5,306.39)	\$ (1,481,599.39)	\$ (1,587,904.86)	\$ (106,305.47)
	Net Income/(Loss)	\$ -			\$ (168,730.72)	
	End. Balance	\$ -			\$ 1,129,840.26	
FY18-19	Beg. Balance				\$ 1,129,840.26	\$ -
	Revenues	\$ 1,487,054.00	\$ -	\$ 1,487,054.00	\$ 1,238,978.26	\$ 248,075.74
	Expenses	\$ (1,487,054.00)	\$ (11,177.03)	\$ (1,498,231.03)	\$ (1,462,088.53)	\$ (36,142.50)
	Net Income/(Loss)	\$ -			\$ (223,110.27)	
	End. Balance				\$ 906,729.99	
FY19-20	Beg. Balance				\$ 906,729.99	\$ -
	Revenues	\$ 1,698,196.00	\$ -	\$ 1,698,196.00	\$ 713,417.10	\$ 984,778.90
	Expenses	\$ (1,698,196.00)	\$ (22,414.94)	\$ (1,720,610.94)	\$ (1,406,228.17)	\$ (314,382.77)
	Net Income/(Loss)	\$ -			\$ (692,811.07)	
	End. Balance				\$ 213,918.92	
FY20-21	Beg. Balance				\$ 213,918.92	\$ -
	Revenues	\$ 500.00	\$ -	\$ 500.00	\$ 281,241.10	\$ 280,741.10
	Expenses	\$ (159,887.00)	\$ (335,431.27)	\$ (495,318.27)	\$ (452,615.85)	\$ (29,056.60)
	Net Income/(Loss)				\$ (171,374.75)	
	End. Balance				\$ 42,544.17	

**FY 20-21 Estimates only



Appendix C

Public Schools of Brookline Massachusetts													
Financial Analysis Overview													
Brookline Adult and Community Education (BACE) Financial Analysis - Journal Entry Analysis (per Documentation)													
Source:	CLA obtained journal entry documentation from Michelle McGloen, BACE Director, on 3/30/21 presenting the journal entry details that pertain to the transfer of monies from the BACE Revolving fund in the amount of \$475,519.25.												
Procedure:	CLA obtained the supporting documentation for the journal entries and created a summarization of the financial information below to determine if the monies were properly replenished within the BACE Revolving fund.												
Conclusion:	CLA notes that the journal entry 3742 was created to re-code payroll expenses from the general fund to the BACE fund, and entry 77 was created to reverse journal entry 3742 as the recoding of the payroll expense was not allowed per Massachusetts state law. Journal entry 78 was a result of an automated year-end close procedure in MUNIS. See below for additional information.												

Entry #	Year	Period	Journal	Line	Source	Entry Date	Effective Date	Reference	Org	Object	Account	Comment	Debit / Credit	Amount
1	2018	12	3742	1	DT/F	7/11/2018	6/30/2018	6/30/18 Sch P/R Err	SE22	510151	Instructional Staff Salary	6/30/18 Sch P/R Err CD	D	\$ 475,519.25
				2					001	510151	Instructional Staff Salary	6/30/18 Sch P/R Err CD	C	\$ 475,519.25
				3					001	1040TF	Cash Due To-From	6/30/18 Sch P/R Err CD	D	\$ 475,519.25
				4					SE22	1040TF	Cash Due To-From	6/30/18 Sch P/R Err CD	C	\$ 475,519.25
				1					SE22	331001	Expense Control		D	\$ 475,519.25
				2					001	331001	Expense Control		C	\$ 475,519.25
2	2018	13	77	1	DT/F	09/28/2018	6/30/2018	6/30/18 Rev JE 3742	001	510151	Instructional Staff Salary	6/30/18 Rev JE 3742	D	\$ 475,519.25
				2					SE22	510151	Instructional Staff Salary	6/30/18 Rev JE 3742	C	\$ 475,519.25
				3					SE22	1040TF	Cash Due To-From	6/30/18 Rev JE 3742	D	\$ 475,519.25
				4					001	1040TF	Cash Due To-From	6/30/18 Rev JE 3742	C	\$ 475,519.25
				1					001	331001	Expense Control		D	\$ 475,519.25
				2					SE22	331001	Expense Control		C	\$ 475,519.25
3	2018	13	78	1	AJE	9/28/2018	6/30/2018	CL YR ADJ	001	350000	Undesignated Fund Balance	Closed Year Adjustment	D	\$ 475,519.25
				2					001	331001	Expense Control	Closed Year Adjustment	C	\$ 475,519.25
				3					SE22	331001	Expense Control	Closed Year Adjustment	D	\$ 475,519.25
				4					SE22	350000	Undesignated Fund Balance	Closed Year Adjustment	C	\$ 475,519.25

**Journal entry transaction 78 was a result of an automated year-end close procedure in MUNIS.

