



# NEW FAIRFIELD PUBLIC SCHOOLS

3 Brush Hill Road, New Fairfield, CT 06812

[www.newfairfieldschools.org](http://www.newfairfieldschools.org)

Kenneth G. Craw, Ed.D., Superintendent

February 17, 2025

Melissa Lindsey, First Selectwoman  
New Fairfield Town Hall  
4 Brush Hill Rd.  
New Fairfield, CT 06812

RE: Finance Department Operations

Dear Melissa,

Shared financial services between the Board of Education (Board) and the Town of New Fairfield (Town) worked extremely well during my first two years as Superintendent and for many years prior to my arrival, thriving even through periodic transitions in leadership. There was great pride in the shared services arrangement between the two entities, and it was a model for other municipalities for providing high-quality services in an efficient manner, demonstrating that a firewall between operations is unnecessary.

The Finance Department operated in perfect harmony. Each member, like a skilled musician, played their part with precision by managing accounts, processing payroll, or ensuring compliance, which kept the Board and Town's financial operations running smoothly.

In contrast, during this fiscal year, the implementation of shared services has been changed by the Town, resulting in a growing number of serious concerns that have affected New Fairfield Public Schools (District) operations. The purpose of this letter is to outline the areas of greatest concern in the hope that positive changes can be made promptly to ensure that the operational needs of the District are met.

## **Background**

Months ago, we brought to you previously identified areas of concern regarding the Finance Department. The primary concerns at that time were in regard to the Town's:

- Changes to Finance Department roles and responsibilities with little or no prior communication to the Board or input from District administration;

- Modifications to long-standing financial procedures that have resulted in disruption and the elimination of controls;
- Errors and lack of timeliness in processing payments; and
- Delays in reconciling educational grants for the fiscal year 2023-2024 audit.

During our November 25, 2024 meeting with you and the Town's attorneys, we were told that all employees in the shared financial services arrangement are Town employees and part of a Town bargaining unit. Furthermore, we were informed that the District is not to directly supervise the Finance Department personnel. Instead, oversight is the responsibility of the Town. The lack of effective management has continued and exacerbated the issues; this has undermined the efficiency and reliability of critical financial functions.

### **Critical Issues**

Despite our attempts to convey our concerns, the situation within the Finance Department has not improved. For the past six months, the finance operations have been less efficient and less effective than in the past. There are potential revenue shortfalls, serious compliance concerns, and problems with financial controls. I have outlined a number of these critical issues below, several of which were raised by the Board's Director of Business and Operations, during her conversation with you on February 12, 2025.

#### *Revenue Shortfalls*

- Building Use Forms:  
The Town has not timely processed or billed building use forms since October, resulting in the following:
  - Critical revenue in the amount of \$90,000 has not been billed and/or received for events that have already occurred and are in process on our campuses.
  - There has been a negative effect on the administration of our Board's operating budget. The Board has paid out \$26,000 thus far in custodial overtime without reimbursement.
  - The collection of past-due funds following the events is increasingly difficult, and some may never be recovered.
  - The custodial crew lacks accurate scheduling information, which leads to confusion and disruptions when external groups arrive unexpectedly.
  - The required certificate of insurance for groups using Board facilities is not being verified, thus creating liability issues.
- Early Learning Center (ELC) Tuition:  
The Board's budget estimated ELC revenue of \$168,000. There are sufficient numbers of enrolled students that the revenue should meet budget expectations.

To date, the Town, which is responsible for billing and the collections of revenue, has not processed invoices in a timely manner. We have posted \$0 to date for ELC tuition through the first 100 days of school. In the past, we received status reports regarding past due accounts, but have not received any this year. Updated invoices have not been sent out, and past-due accounts have not been addressed.

- Sherman Tuition:

The Board's budget estimated \$479,141 in Sherman tuition revenue for fiscal year 2024-25. There are sufficient numbers of enrolled Sherman students at the high school that the revenue should meet budget expectations. To date, the Town, which is responsible for billing and the collections of Sherman tuition revenue, has not processed invoices in a timely manner. The second-quarter tuition in the amount of \$120,000 has not been billed or collected. Last year at this time, the second-quarter tuition payment was already collected and posted.

### *Compliance Concerns*

- 401a Contributions

The District administration must raise concerns about the lack of processing of 401a contributions because it exposes us to risks for labor or other legal challenges. We must be clear that we will not be responsible for any liabilities that result from the Town's failure to process 401a contributions consistent with prior and best practice. Currently, we are behind eight (8) payrolls totaling an estimated \$25,000 in 401a contributions that have not been invested on behalf of our employees.

The Board's 401a contributions, which have historically been made on a biweekly basis, have not been processed since October 2024 for approximately 65 BOE employees. In the past, the prior Director of Finance used a tracking system to ensure timely deposits, but that system is no longer in use. This delay is problematic for several reasons:

- Employees are losing the opportunity to grow their investments.
- The Town is non-compliant with government regulations, which carries significant risk of liability.
- The situation exposes us to grievances from the bargaining units, which could result in costly and time-consuming disputes for the Town.

- Health Savings Accounts (HSA)

The District has an employee who was hired in December who has still not received the Board contribution of \$2,500 in their HSA account. This is an example of ongoing challenges that we are experiencing with onboarding new employees, which are the responsibility of the Town Finance Department.

- Fiscal Year 2023-24 Audit

The Board was not informed of a second delay in the audit process. We only became aware of this extension through the Town Treasurer when we asked her, which reflects continued poor communication. The further delay with the audit affects the Board's ability to access \$209,000 in reserve funds for critical needs.

#### *Financial Controls and Procedures*

- Undeposited Funds

Last week, a stack of unsecured envelopes in the Finance Department was discovered, containing checks totaling \$104,000 in undeposited revenue. The lack of timely processing, security and oversight of these funds is deeply troubling.

- W-2 HSA Reporting Error

An error in the reporting of the HSA contributions on W-2 forms has affected 35 employees. This mistake has created additional work for the Finance Department to re-issue corrected W-2s. This was a task that previously required double-checking from the Town's Director of Finance but was not properly reviewed this year.

- Benefits

Additionally, an unopened document postmarked December 11, 2024 was found, containing a death certificate for a person trying to collect benefits. This important document went unopened for two months, highlighting ongoing inefficiencies in the handling of time-sensitive materials.

#### **Implications**

These outstanding issues are adversely affecting the District's ability to operate effectively. The unilateral changes made by the Town's Finance Department are leading to a shortfall. At this time, there is a potential revenue shortfall of approximately \$378,000. The Board revenues must meet budget expectations. In addition, Board employees are short a collective \$27,500 in their 401a and HSA contributions. The Board needs these issues fully rectified no later than March 15, 2025, or within a mutually agreeable time frame. We do not want to be in a position to hold back payment for contracted shared services with the Town, and hope to work with you immediately to rectify these serious concerns.

#### **Memorandum of Understanding**

The Board and the Town have operated under a shared financial services arrangement since 2006. We contract with the Town for key financial services including purchasing, accounts payable, accounts receivable, payroll, and benefits administration, contributing \$315,492 in fiscal year 2024-25 to cover 50% of the salaries of the Finance Department staff, including the Town's Director of Finance. However, the level of service provided to the Board has fallen short of expectations and is no longer sufficient to meet our needs.

During this fiscal year, there have been significant changes to roles and responsibilities for the personnel within the model, and these changes have contributed to the disruption to Board services. We are aware that the Town is looking to expand the Finance Department. It is uncertain that investing this additional money in new staff, without clear delineation and accountability of everyone's duties, will address the management and organizational concerns outlined in this communication.

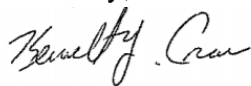
### **Conclusion**

Until such time as these operational issues are fully resolved, I cannot recommend to the Board that it provide any additional financial support, beyond what was budgeted, for the remainder of fiscal year 2024-25. Additionally, the District administration does not currently possess adequate information to support the need for additional personnel within the Finance Department. We remain open to continued discussions and exchange of relevant information on this matter.

It is essential that the Board be fully supported to meet its financial obligations without having to intervene repeatedly. The Board's Director of Business and Operations and other employees have had to resolve tasks that should have been managed to completion by the Finance Department, leading to overtime costs, added workloads, unnecessary stress, and disruptions to our operations.

In light of these ongoing concerns, I request that we meet promptly to discuss how we can resolve these issues and ensure that the Board receives the timely services it needs to operate effectively. We are scheduled to meet on Wednesday, February 19 at 11:00 am for our standing meeting. I suggest that we use that time if that works for you. I remain hopeful that we can work together to resolve these matters and return to having a shared services operation of the highest quality.

Sincerely,



Kenneth G. Crow, Ed.D.