



To: Jeannine Durkin, Superintendent  
From: Billie Jo Turner, Assistant Superintendent of Finance  
RE: School Committee – Business Office Update  
Date: March 17, 2019

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The following are updates from the Business Office:

### **Bad Bills Submission**

Months after FY18/19 was closed, bills/unpaid liabilities were still trickling in for past year's obligations. Emails were sent to the City Auditor and CFO asking if these bills could be paid using the approximate \$80,000 that was left in the school department accounts. It was explained in the emailed responses from the City that despite the unpaid bills, we would have to wait until Free Cash was certified and then request the remaining Lowell Public Schools' funds. Since unpaid vendors are still contacting us, the list continued to grow even after Free Cash was certified. Also, we were informed that we must certify that all goods and materials (on bills) were delivered and actually received under penalties of perjury. This delayed the submission while seeking information for each bill rather than blindly certifying.

Since Massachusetts General Law (Chapter 44, Section 64) requires a vote of the City Council to pay for unpaid bills/liabilities of previous fiscal years with current year appropriations, a spreadsheet was maintained tracking these unpaid costs (unpaid as of June 30) while waiting for the certification of Free Cash. The spreadsheet includes payroll and vendor liabilities from FY17-18 including both paid (without authorization) and unpaid. Since Ch44 S64 (Attachment 2) states that "**no bill or payroll**" from previous years shall be approved without City Council vote, both bills and payrolls were included on the submitted spreadsheet to ensure that the school department was in full compliance. Even liabilities from the previous fiscal year that were paid using current year appropriations without having the City Council approval were added to rectify (by getting authorization after the fact) this oversight and to ensure transparency. This list was sent to the CFO with a note to let me know if this should be modified in any way. The CFO and I discussed these inclusions. Per the 2/25/19 email, it was agreed that the CFO would seek clarification on these submissions and we would make a request for City Council approval at the end of March.

Since this original email and discussion, the City CFO confirmed that the Ch44 S64 mandate does not include payroll liabilities so we do not have to add these for approval. He also explained

that we don't have to include the paid bills (despite not having City Council authority to pay). This concerned me since the verbiage on Attachment 2 states that "no bill or payroll shall be approved for payment" without vote of the City Council. However, since we did submit in good faith all known previous year liabilities (paid and unpaid), our responsibilities of transparency and full disclosure have both been met. We have modified the Bad Bill submission to separate the payroll and paid bills from the unpaid bills. A decision needs to be made on whether we should include the request for the \$80,000 LPS funds (that flowed into Free Cash) with our request for "authorization" to pay. Please see the attached Memo packet that includes submissions and Ch44 S64 language.

### **Human Resource Update**

The Compendium was completed with thanks to Debbie Jarvis for handling this singlehandedly. All open teaching positions have been posted internally on School Stream. This posting will end on March 22. The Compendium will be updated with all transfers which affects the open position list. Below is a list of posted positions at this time:

- Bailey School Special Education Teacher 2-4
- Bailey School Art K-4
- Bartlett Kindergarten Teacher
- Bartlett Preschool Teacher
- Butler Speech and Language
- Butler ELL Teacher 5-8
- Cardinal Special Education Teacher Pre-K
- Daley Social Studies 7/8 Teacher
- Laura Lee Physical Education Teacher
- Leblanc Special Education Teacher
- Lincoln Content Literacy Teacher
- Lincoln Elementary Teacher Gr 3
- Lincoln Special Ed Adjustment Teacher Gr3/4
- Lowell High School Foreign Language – Portuguese
- Lowell High Special Ed (ADJ/ELA)
- Lowell High Health Teacher 9-12
- Lowell High Biology 9-12 Teacher
- Lowell High Foreign Language Khmer
- Lowell High Foreign Language Khmer
- Lowell High ELL/Science 9-12
- Lowell High Biology/Chemistry 9-12
- Lowell High General Science 9-12
- Lowell High Foreign Language – Latin
- Lowell High ELL/English Teacher 9-12
- Lowell High Math Teacher/Geometry 9-12
- Lowell High Physics/Engineering 9-12
- Lowell High In House Suspension Teacher 9-12
- Lowell High Foreign Language Teacher Spanish 9-12
- Lowell High Moderate Disability Teacher 9-12

- Lowell High ELL Teacher 9-12
- Molloy Special Education Teacher 9-12
- McAuliffe Music k-4 Teacher
- McAuliffe Teacher of Deaf
- McAuliffe Preschool Teacher
- McAvinnue Elementary Grade 2 Teacher
- Morey Art Teacher
- Morey Special Education K-2 Teacher
- Morey Kindergarten Teacher
- Morey Elementary Teacher Grade 2
- Murkland SPED Adjustment 2-4 Teacher
- Adie Day School CSA Teacher (Need 4)
- Pyne Arts Special Education Teacher CSA Gr5
- Pyne Arts Physical Education Teacher
- Robinson ELA Teacher
- Robinson Special Education Grade 8
- Robinson Math Teacher Gr5-8
- Robinson ELA/SS Gr 6 Teacher
- Robinson ELL 5-8 Teacher
- Rogers/STEM ELA Gr 7 Teacher
- Rogers/STEM Science Gr 7 Teacher
- Rogers/STEM ELA/SS Grade 8 Teacher
- Rogers/STEM Math/Science Grade 8 Teacher
- Rogers/STEM Music Teacher
- Rogers/STEM Mainstream SPED 5-8 Teacher
- Shaughnessy CSA K/1 Teacher
- Shaughnessy Music K-4 Teacher
- Stoklosa ELA/Social Studies Grade 5 Teacher
- Sullivan Special Ed Gr 6
- Sullivan Special Ed Gr 6/7
- Sullivan Special Ed CSA 6/7
- Sullivan SPED Adjustment Teacher 7/8
- Washington CSA 2-4 Teacher
- Washington Kindergarten Teacher
- Assistant Principal – Stoklosa

**Miscellaneous/Follow Up:**

- In response to a motion by Andre Descoteaux, a Special Task Force was established to review and make recommendations on LHS stipends. This task force includes LHS administration, UTL and Central Office Administration. Research has been done comparing our stipend structure with other districts. In addition, we collected data on the current stipends for LHS that showed the stipend amount per activity along with the

number of students enrolled and number of hours of weekly participation. One major inequity was identified. The Band/Choral Arts had approximately 75 students each with four meetings per week plus competitions. This requires comparable time demands and services as many students as sports yet the stipends are significantly different. In addition, these stipends do not “grow” with steps each year as do the others. This data will be summarized and presented with a recommendation for equity.

- In response to a motion by Robert Hoey, we have researched the authorization to pay all unaffiliated staff the same raises that the Unions receive. We have found the backup documentation to support this including the 2/14/18 minutes that include the vote to give all non-affiliated employees the same increases from July 1, 2017 to June 20, 2020. These raises will be processed soon with any retroactive owed.
- The first retirement workshop was successful with approximately 45 attendees. Our next workshop will be March 27<sup>th</sup> and has 23 registered to date.



## Budget Update on Bad Bill Submission

To: Jeannine Durkin, Superintendent  
 From: Billie Jo Turner, Assistant Superintendent of Finance  
 RE: School Committee Meeting– Budget Update (Bad Bill Submission)  
 Date: March 6, 2019

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During the forensic review of the FY18-19 budget, we learned that bills were still trickling in from the previous fiscal year and/or held back (unpaid) due to insufficient funds. Since Massachusetts General Law (Chapter 44, Section 64) requires a vote of the City Council to pay for unpaid bills/liabilities of previous fiscal years with current year appropriations, a spreadsheet was maintained tracking these unpaid costs. During the fall, emails were sent to the City Auditor and CFO asking if these bills could be paid using the approximate \$80,000 that was left in the school department accounts. It was explained that despite the unpaid bills, we would have to wait until Free Cash was certified and then request the payment/funds from the City Council at that time.

On 2/22/19, the attached memo and spreadsheet (Attachment 1) were emailed to Conor Baldwin for review. The spreadsheet includes payroll and vendor liabilities from FY17-18. Since Ch44 S64 (Attachment 2) states that "no bill or payroll" from previous years shall be approved without City Council vote, I included both bills and payrolls on the submitted spreadsheet **to ensure that the school department is in full compliance**. After the forensic review findings were made public by Clifton Larsen Allen, our team was even more committed to rebuilding credibility through transparency and accountability. Thus, we even added bills from the previous fiscal year that were paid using current year appropriations without the City Council approval. All in all, this 2/22/19 submission to the City was our honest and committed attempt to avoid hiding previous errors (paying previous year's bills without approval from City Council) and to build trust between the school department and City by fully citing the inappropriate payments.

On 2/25/19, Conor Baldwin emailed questions regarding our submission. Please see summary below:

- He questioned whether or not my memo was seeking approval from the City Council or approval and assistance. My answer was that we need the approval per the law but also respectfully request funds to help pay. Our hope was that the \$80,000 carryover amount (due to not paying bills) that flowed into Free Cash could be used to help offset these bills.
- Another question was regarding the Verizon bills listed on the AP sheets and how some of the dates were from FY19. Per attachment 3, there were two bills from the previous year and two from the FY19 year. My response explained that we were only seeking approval/assistance for those portions that were liabilities from prior to June 30. Please see Attachment 3.

- The reimbursements to school department employees from last year were paid this year due to filed grievances and contract demands. To ensure full compliance with Ch44 S64, we added these to the spreadsheet as well for full disclosure. As explained to the CFO, I added to get the approval (even after the fact) and funding assistance since using current year appropriations for last year's bills leaves us unable to pay this year's bill.
- Other questions were asked about staff payments that were several months after (wrong year without approval) the close of the FY17/18 fiscal year. I explained again that we added all liabilities based on the language on the attached Ch44 S64. The CFO stated that he would research this further. My response was "I look to you and Brian to learn the City end of the rules. I rather error on the side of caution than to not put such costs on the documents and later get cited." See Attachment 4.
- The CFO stated that we would need copies of the approved reimbursements and receipts. I explained that we could indeed provide these. The paperwork for these was three inches thick so I was going to provide once requested.
- I explained that I could provide a missing document the following day since the two staff members that could help me with this document were both absent.

All in all, concerted efforts were made to be fully transparent and accountable. My responses in Attachment 4 show the true effort on both the part of the City CFO and myself to work together to ensure accuracy and compliance with the rules. Per this attached email, the CFO was going to research whether or not these previous year liabilities (whether paid or not) fall under Ch44 S64. The plan was to modify the submission based on the researched answers. One way or another, the paper trail will show that the Lowell Public Schools did attempt to get approval for the previous year's bills that were paid with current year appropriations without the City Council's approval.

LOWELL PUBLIC SCHOOLS

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To: Conor Baldwin, Chief Financial Officer  
From: Billie Jo Turner, Assistant Superintendent of Finance  
RE: Request for City Council to appropriate surplus funds to pay FY17/18 bad bills  
Date: February 22, 2019

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Due to the provisions of Massachusetts General Law (Chapter 44, Section 64), we need a two thirds vote by the City Council to request surplus funds to pay for the attached list of "bad bills" from the Fiscal Year 2017-2018. This memo is to respectfully request the vote of the City Council to appropriate surplus funds from Fiscal Year 2017-2018 to cover \$255,939.56 of unpaid bills from the 2017-2018 school year. Please note that some of these bills were presented within the past week so this list may not be all inclusive.

Thanks for your patience and guidance during this transition and discovery period.

Attachment 1

## Tracking of Bad Bill/Insufficient Account:

### General Fund

Hummingbird	\$	3,325.00
Madison Security	\$	1,381.50
Verizon/Tmobile	\$	1,434.65
Watermark	\$	4,432.50
Kopelman and Paige	\$	7,055.02
Out of State Reimbursements	\$	2,653.35
Course Reimbursements for FY17/18	\$	33,379.00
Travel	\$	383.06
PJ Systems/Blackboard	\$	77,250.00
Motion Elevator	\$	7,000.00
AV Lab	\$	1,988.00
Angkhor Dance	\$	2,700.00
Article 16 Payments	\$	35,553.98
Marching Band Stipends (Spring 18)	\$	1,320.00
Paul Schlitman	\$	4,410.00
Honeywell International	\$	16,783.32
Bertos Nominee Realty Trust	\$	1,500.00
Mfay Interpretation	\$	436.60
Salem School District	\$	17,112.99
Van Pool Transportation	\$	5,817.00
Manchester School District	\$	4,623.84
Johnston Controls (Pyne)	\$	3,906.21
Scholastic	\$	326.96
Post Office Lock	\$	18.85
Pasek	\$	363.55
WB Mason	\$	7,425.00
Demoulas (Lincoln School)	\$	83.18
Accept Ed Collarborative	\$	1,881.00
Medford Electronics	\$	2,181.00
Robert Kennedy Chidren Actions Corp	\$	4,354.00
UTEC	\$	4,860.00
	\$	<u>255,939.56</u>

### Revolving Account Deficiencies (Held bills):

Aramark Bills Held \$ 1,431,206.00

Attachment 1



**Part I** ADMINISTRATION OF THE GOVERNMENT

**Title VII** CITIES, TOWNS AND DISTRICTS

**Chapter 44** MUNICIPAL FINANCE

**Section 64** PAYMENT OF BILLS INCURRED IN EXCESS OF APPROPRIATIONS

Section 64. Any town or city having unpaid bills of previous fiscal years which may be legally unenforceable due to the insufficiency of an appropriation in the fiscal year in which such bills were incurred may, in the case of a town, at an annual meeting by a four fifths vote, or at a special meeting by a nine tenths vote, of the voters present and voting at a meeting duly called, and, in the case of a city which accepts this section, by a two thirds vote of the city council, appropriate money to pay such bills; but no bill or payroll shall be approved for payment or paid from an appropriation voted under authority of this section unless and until certificates have been signed and filed with the selectmen or the city auditor, as the case may be, as hereinafter provided, stating under the penalties of perjury that the goods, materials or services for which bills have been submitted were ordered by an official or employee of the town or city and that such goods and materials were delivered and actually received by the town or city or that such services were rendered to or for the town or city, as the case may be.

Every such certificate that goods, materials or services were so ordered shall be signed and filed by the official or employee of the town or city who ordered the same or, if he has ceased to be an official or employee of the town or city, by any official or employee of the town or city; every such certificate of delivery to the town or city of goods or materials shall be signed and filed by the vendor thereof or, if such vendor is a corporation, shall be signed and filed by the treasurer thereof; every such certificate that goods or materials were received by the town or city shall be signed and filed by an official or employee of the town or city; and every such certificate of services rendered to or for a town or city shall be signed and filed by the person who rendered such services.

This section shall not prohibit or prevent appropriations by a majority vote for bills or obligations of previous fiscal years due to any other town or to a district, a city, a county or the commonwealth, or for legally incurred debt and interest the payment of which is provided for by any general or special law.

This section shall apply to districts.