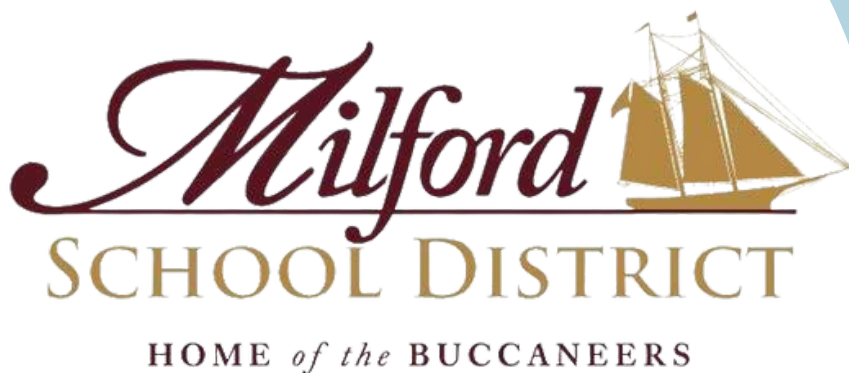




# Authorized Positions Examination Engagement Milford School District

**Kathleen K. McGuinness, RPh, CFE**  
DELAWARE STATE AUDITOR





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***Milford School District***  
***Authorized Positions***  
***Examination***  
*For 2018 thru 2019*

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**What Was Performed?** An examination of the Milford School District's compliance with the Authorized Position requirements set forth in the *Delaware Code, Delaware Law (formerly, 149<sup>th</sup> General Assembly; Senate Bill No. 235 (SB235))*, and the *State of Delaware Budget and Accounting Policy Manual (BAM)*.

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**Why This Engagement?** The State Auditor performed an examination to ensure Fiscal Year 2019 Authorized Positions were not exceeded by comparing the number of authorized positions versus the number of actual positions a school district employed. In accordance with 14 Del. C. §1504, the Office of Auditor of Accounts is directed to examine the number of authorized positions versus the number of actual positions a district has employed as part of the regular, annual audit review for all public-school districts that commence on or after July 1, 1991.

During Fiscal Year 2019, the State budgeted approximately \$999 million to cover the State's share of salaries and benefits for school district authorized positions. School District personnel costs comprise 23% of the State's budget.

In March 2020, the Governor of the state of Delaware declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021, including closures of school districts. Because of the hurdles school districts faced in relation to teaching, remote learning, nutrition and emotional support to students, State Auditor McGuinness honored the requests of school districts to delay this engagement. This accommodation not only fulfilled the needs of school districts but ensured the integrity of the engagement.

**What Was Found?** It is my pleasure to report Milford School District complied, in all material respects, with the criteria mentioned above.

Milford School District Authorized Positions Examination for 2018 through 2019 can be found on our [website](#).

For any questions regarding the attached report, please contact State Auditor Kathleen K. McGuinness at [Kathleen.Mcguinness@delaware.gov](mailto:Kathleen.Mcguinness@delaware.gov).

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## **Background**

### **School District Authorized Positions Overview**

The majority of state funding for school districts and charter schools is allocated based upon the annual unit count. The unit count process occurs during the last 10 student days of September and includes factors such as grade level, student enrollment, and special education needs. Units earned from this process generate authorized positions for teachers and are also used to calculate the number of administrators and other instructional staff earned. The authorized positions are approximately 70% funded by the State, and the remainder is funded by other sources such as local or federal funds. Alternatively, the school district may opt to cash out<sup>1</sup> the unit in lieu of funding the position as permitted by the Delaware Code.

### **State of Delaware Division I Funding**

Division I funding is used to pay the salaries of school employees. The State pays approximately 70% of total salary costs and benefits for school employees in accordance with state-supported salary schedules.<sup>2</sup> The State-funded portion of an employee's salary is determined by the annual budget bill with the remaining balance paid by local funds. State of Delaware Division I funding support for public education is allocated by a unit system. A "Unit" or "unit of pupils" is defined as the number of pupils enrolled in schools beginning in kindergarten and through grade 12,<sup>3</sup> and for children prior to entry into kindergarten who are eligible for special education services.<sup>4</sup>

The units are considered teacher/instructional units for purposes of other unit counts. Salary amounts are determined by multiplying a base salary amount by the index value that corresponds with the appropriate training and experience cell in the salary table, and then rounding to the nearest whole dollar.<sup>5</sup> Partial unit funding is provided for partly filled units based on a cash-in value. The cash-in value of the partial unit is tied to the teacher state salary schedule at the master's level plus 10 years of experience.<sup>3</sup>

The funds allocated to each school district for salaries included in Division I are determined in accordance with all applicable state-supported salary schedules. No state funds from Division I may be appropriated to any school district to provide salaries for more teachers than shall actually be employed in such school district, and no part of any amount appropriated to any district may be transferred from a subdivision of Division I to any other such subdivision of Division I or to Division II or from Division II to any subdivision of Division I.<sup>6,7</sup>

Division I funding is allocated to each school district based upon the actual unit count. Each local school board allocates Division I units to district schools such that as of the last school day of October each school receives not less than 98% of the Division I units it generates in the unit count.<sup>8</sup> School districts may utilize unfilled full and/or unfilled partial units of Division I funding, upon approval of the Director of the Office of Management and Budget and the Controller General, for other purposes may be either

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<sup>1</sup> By cashing out a position, the district converts the salary to funds that can be used for non-payroll expenditures.

<sup>2</sup> 14 Del. C. c. 13

<sup>3</sup> 14 Del. C. §1703

<sup>4</sup> 14 Del. C. c. 31

<sup>5</sup> 14 Del. C. §1305 (a) & (b)

<sup>6</sup> 14 Del. C. §1705

<sup>7</sup> 14 Del. C. §1709

<sup>8</sup> 14 Del. C. §1704(4)

payroll or non-payroll, if the school district has not filled the unit and/or partial unit at any time during the fiscal year in which it was earned provided that the unit was filled the prior fiscal year and became vacant, subject to certain exclusions and provisions.<sup>9</sup>

**Unit Counts**

Teaching positions are authorized based upon the following enrollment formula:<sup>3</sup>

<u>Grade</u>	<u>Authorization</u>
Preschool	1 unit per 12.8 students
K-3	1 unit per 16.2 students (full day), 32.4 students (half day)
4-12 Regular Education	1 unit per 20.0 students
4-12 Basic Special Education	1 unit per 8.4 students
Pre-K-12 Intensive Special Education	1 unit per 6.0 students
Pre-K Complex Special Education	1 unit per 2.6 students

Occupational-vocational units are counted on the basis of 1 unit for each 30 students for students enrolled in the school districts. This authorization is unaffected by the fact that such pupils have been counted in the regular units of pupils; however, pupils having been counted in the occupational-vocational units of pupils are deducted from the regular unit entitlement of a comprehensive high school according to a formula where occupational-vocational units multiplied by 0.5 equals deductible units.<sup>3</sup>

Appropriations for Exceptional Student Unit – Vocational programs provide for Division I funds for a maximum of six units, prior to application of the vocational deduction, in a single program.<sup>10</sup>

Additional administrative positions are generated based on the final unit count, which are not charged against the allotment of teaching positions.<sup>1</sup> School districts are authorized to receive cash for some official administrative positions for which the districts qualify under the provisions of Delaware Code.<sup>11</sup> The cash option is only available if the district has not filled the position at any time during the fiscal year. Determination of the cash option value and authorized positions are contained in 14 Del. C. §1321(e)(9).

Additional administrative positions include:

<u>Position</u>	<u>Authorization</u>
Superintendent	1 per school district
Assistant Superintendent	1 per 300 units (maximum of 2)
Director	1 per first 200 units; 1 per 100 units thereafter (maximum 6)
Administrative Assistant	1 per school district
Supervisor	1 per each full 150 state units of pupils
Nurse	1 per each 40 state units of pupils
Principal	1 per administrative unit in a school building having 15 or more units of pupils
Assistant Principal	1 per school having 30 or more units of pupils (65% of a unit for schools with 25 units, but less

<sup>9</sup> 81 Del. Law c. 280 §359

<sup>10</sup> 81 Del. Law c. 280 §325

<sup>11</sup> 14 Del C. §1321(e)(9)

	than 30) 2 per school having 55 or more units of pupils
Secretary	1 per every 10 units of pupils for the first 100 units; 1 per each additional 12 units of pupils
Specialist, Drivers Education	1 per every 125 10 <sup>th</sup> grade pupils
Supervisor, Transportation	1 per 7,000 or more transported pupils
Supervisor, School Lunch	1 per district with full 500 units, or 1 per district with less than 500 full units having 4 or more schools with lunch programs

In accordance with 14 Del. C. §1704, the number of units to be used in determining state financial support in each school district is calculated by the Department of Education each year. For the purposes of unit determination, the Department of Education uses a web-based student information system called eSchoolPLUS. Each school is required to maintain September enrollment records in a manner which will allow for efficient enrollment audits by the Department of Education and the State Auditor of Accounts. At the end of September, each school assembles a comprehensive enrollment file that contains all necessary support materials to substantiate the enrollment reported. This file must be retained in the school for at least three years.<sup>12</sup>

Students included in the count, who are not in attendance at school during the last 10 school days of September require documentation on file to substantiate their inclusion in the enrollment count. Schools document a reason for absence, usually medical, and date of last direct contact with student or parent. Also, schools must document the reason to believe that student will be returning to school prior to November 1<sup>st</sup>. Intrastate transfers of students during the last 10 school days of September must comply with requirements in Delaware Code to prevent double counting.

The number of units in each school district as calculated, are certified by the Secretary of Education as soon as such calculations are completed.<sup>13</sup> If, after the units are certified by the Secretary of Education, a student is disqualified from the unit count, the units will be recalculated without that student. A student disqualified by the audit process may be reassigned to another unit category. In no event can this adjustment result in a net increase in units for a district.<sup>12</sup>

**School District Examination Requirements**

In accordance with 14 Del. C. §1504, each year as soon as possible after July 1 the business and financial transactions, records, and accounts of the school districts shall be audited. In order to ensure that authorized position complements are not exceeded, an examination of the number of authorized positions versus the number of actual positions a district has employed as part of the regular, annual audit review for public school districts is required. Local school districts are instructed to maintain records and make them available in a format that will facilitate examination.

The position examination function shall include, in addition to formula salary positions, an examination of positions and associated “option units” authorized by the Secretary of Education under any appropriation. In addition to the requirement to conduct and publish an examination, there is an obligation to comment on the name of any person who has made within the last year a gift to Division I funds, with the amount or value contributed.<sup>14</sup>

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<sup>12</sup> 14 Del. Admin C. 701

<sup>13</sup> 14 Del. C. §1710

<sup>14</sup> 14 Del. C. §1504

Discrepancies discovered during the examination, which have resulted in a local school district expending more Division I funds than it was entitled to during the fiscal year, shall be promptly reported to the Director of the Office of Management and Budget, the Controller General and the Secretary of Education. In such event, the Director of the Office of Management and Budget, Controller General and the local school district Board of Education shall develop and certify a written repayment plan.<sup>14</sup>

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Abbreviations:

<b>OAOA</b>	<i>Office of Auditor of Accounts</i>
<b>FSF</b>	<i>First State Financials</i>
<b>GEAR</b>	<i>Government Efficiency and Accountability Review Board</i>
<b>BAM</b>	<i>State of Delaware Budget and Accounting Policy Manual</i>
<b>Unit Count</b>	<i>September 30<sup>th</sup> Unit Count</i>

***The mission of the Delaware Office of Auditor of Accounts***

The Delaware State Auditor serves Delawareans by ensuring accountability in the use of taxpayer dollars to identify fraud, waste and abuse through independent assessments, including the use of various audits, special reports and investigations of financial operations, performance management and statutory compliance of state government and to evaluate economy, efficiency and effectiveness.

For further information on this release please contact:

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**State of Delaware**  
**Office of Auditor of Accounts**  
**Kathleen K. McGuiness, RPh, CFE**  
**State Auditor**

**Independent Accountants' Report**

Dr. Kevin Dickerson  
Superintendent  
Milford School District  
906 Lakeview Avenue  
Milford, Delaware 19963

The Honorable Mark Holodick  
Secretary, Department of Education  
Townsend Building, Suite 2  
401 Federal Street  
Dover, Delaware 19901

We have examined the State of Delaware Milford School District's (the District) compliance with the criteria set forth in the *Delaware Code, Delaware Law (formerly, 149<sup>th</sup> General Assembly; Senate Bill No. 235 (SB235))*, and the *State of Delaware Budget and Accounting Policy Manual (BAM)* applicable to the District's Authorized Positions for the period November 1, 2018 through June 30, 2019. Management of the District is responsible for the District's compliance with the above specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 14 Del. C. c.15 §1504(c). Those standards and 14 Del. C. c.15 §1504(c) require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the District complied, in all material respects, with the criteria set forth in the *Delaware Code, Delaware Law (formerly, 149<sup>th</sup> General Assembly; SB235)*, and the *State of Delaware BAM* during the period November 1, 2018 through June 30, 2019.

This report of compliance, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget. This report is intended solely for the information and use of the Milford School District and the Auditor of Accounts, and is not intended to be, and should not be used by anyone other than these specified parties. Under 29 Del. C. §10002(1), this report is a matter of public record and its distribution is not limited.

Kathleen K. McGuiness, RPh, CFE  
State Auditor

Handwritten signature of Kathleen K. McGuiness in blue ink.

Dover, Delaware | April 25, 2022

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