



Finance and Operations

To: Board of Education Members

From: Ben Whittaker, Director- Finance and Operations

Date: April 16, 2024

Re: **Q3 FY24 Financial Report**

Enclosure: *FY24 Q3 General Budget Review- Forecasted YE Variances*

This report and the accompanying “FY23 Q3 General Budget Review- Forecasted YE Variances” financial analysis tool covers the nine (9) month period beginning July 1, 2023 and ending March 31, 2024. The RSD17 budget is an annual budget, so quarterly reports are cumulative in nature. The goal of the Q3 Report is to analyze actual fiscal Year-To-Date (YTD) expenditures and encumbrances (costs which have been isolated or orders placed, but not yet invoiced) and apply a forecast based on available information and trend analysis to identify items which risk either being over or under budget by the end of the fiscal year. The Year-End (YE) forecast is compared to the FY24 budget number for each “object” account and a variance is calculated, showing the difference between current YE forecast and the budget. Any object account with a greater than 10% (plus or minus) forecasted variance is highlighted, and a brief explanation of contributing factors are provided. Forecasts are based on current conditions and assumptions and are subject to change, especially if an unanticipated event occurs in the final quarter of the fiscal year.

The items described below are major Quarter 3 areas of interest. While not exhaustive, this list should be considered in conjunction with the explanations provided on the accompanying financial tool.

- **Salaries-** Accumulated vacancies and other normal salary-related conditions have created a current annualized surplus of \$437,182. This number changes with every payroll cycle, and currently equates to 2% of the included salary categories- normal for this time of year. ~\$100k of retroactive pay due to the SAA contract ratification will hit in April, and combined with the normal decrease associated with vacancy fills as the year progresses, salaries can be expected to end the year about \$200k under budget.
- **Overtime-** A very light winter combined with lower than normal emergency events and carefully limited use has led to the potential of OT ending the year about \$50k (63%) under budget.
- **Substitutes-** Projecting YTD cost out for the rest of the year, plus accounting for traditionally higher utilization rate in May leads to an YE estimate of \$475k, or \$125k (36%) over budget. FY23 actuals were \$522k, (\$379k in FY22) so if trend continues, budget will have to be raised in the future. Could be due to lack of available subs in FY21 and FY22.

- **Workers Compensation Insurance-** Vast improvements in the District's experience rating (less claims/incidents) has led to lower WC insurance costs, which should end the year about \$42k under budget.
- **Professional Services-** The overall professional services object is \$161k (13%) over budget YTD and is projected to end the year ~\$238k (19%) over budget. Driving this overage is legal fees, which are already \$47k over (mostly due to collective bargaining negotiations), and SPED services (mostly contracted paras and OT/PT) which are currently \$144k over (up from \$75k over at mid-year). Tecton's final bill for Master Plan work, which was not budgeted or encumbered, was booked here, pushing the "district wide" line over \$9K.
- **Telephones-** A structural budget deficit combined with a mid-year provider rate increase will lead to this object being over budget by \$32k or 66%. Adjustments have been made in the FY25 budget to correct situation.
- **Insurance (Property and Liability)-** Lower than anticipated renewal rates for several insurance lines should lead to the object ending the year about \$36k under budget.
- **SPED Tuition (Public and Non-Public)-** Tuition for outplaced students in private institutions is forecasted to be about \$186k (9%) over budget by YE, due to ESY (summer school) costs not being captured in the FY24 budget, and increased service costs across the industry. Tuition for students placed or voluntarily in public institutions is projected to be over by \$33k (4%). Student Services is focusing on mitigating the number of outplacements required. FY25 carried 70% of the estimated increase to these accounts in hopes conditions will improve.
- **Utilities-** Electricity is trending slightly lower, with a potential to come in ~20k or 2% under budget. A very mild winter has led to heating oil trending 44k gallons under normal levels. Facilities is evaluating options with the vendor to offload committed purchases, which should allow the object to come in about \$50k (6%) under budget.
- **Building Improvements-** No building improvement projects were budgeted in the FY24 budget, rather a \$900k "placeholder" for a potential YE contribution to capital reserve. This practice requires and "emergency" or ad-hoc projects are booked to Object 720, running it negative (currently \$131,880 and projected at \$175k to account for any true emergencies thru EOY) and essentially lowering the potential capital reserve contribution budgeted in object 721. For example, the ~\$29k Arcadis Master Plan owner's rep contract was booked to 721. Beginning in FY25, improvement projects are budgeted in object 720/734 and 721 carried at \$436k, ensuring budgeted funds are spent on specific projects and using any year-end funds available for capital reserve transfers, which is the intention of the 2% reserve program.
- **Revenue Items-** Favorable interest rates, preschool tuition trend, and other miscellaneous revenue items net with 64% less ZREC revenue (poor environmental conditions in FY24) and the excess cost grant coming in \$33k lower than budget due to State caps lead to an overall expected revenue overage of \$87k or 6.9%

Overall, expenses are forecasted to end the year \$420k or 0.9% over budget, net with revenue coming in \$87k or 6.9% for a net budget overage of \$333,606 or 0.7%. It is important to note that these figures include a transfer of \$900,614 into the Capital Reserve account at year-end. This reserve contribution would be reduced as needed to "zero" out the budget, so the budget is currently still solvent. Tools and models will be deployed over the next year to increase the accuracy of forecasting and inform future budget development processes.



FY24 Q3 General Budget Review - Forecasted Year-End Variances

Updated 4/5/2024

Distribution to BOE: 4/16/2024

YTD Data as of 3/31/2024

YE Forecast > 10% Under Budget

YE Forecast >10% Over Budget

Finance and Operations

Expenses											
		FY24	FY24 YTD	FY24 YTD	FY24 YTD	Budget Remaining		FY24 Year-End	YE Forecast vs Budget		
Object	Description	Revised Budget	Actual	Encumbrances	Actual + Enc.	(Unencumbered)	%	Forecast	Variance (Under)/Over Budget	%	Explanation
111	Certified Salaries	\$ 18,011,320	\$ 11,742,311	\$ 6,044,354	\$ 17,786,664	\$ 224,655	1.2%	\$ 17,901,320	\$ (110,000)	-1%	Normal vacancy accumulations for this time of year - applies to all salary accounts below except where noted.
112	Support Salaries	\$ 4,835,160	\$ 3,420,966	\$ 1,201,667	\$ 4,622,633	\$ 212,527	4%	\$ 4,745,160	\$ (90,000)	-2%	Normal vacancy accumulations for this time of year - applies to all salary accounts below except where noted.
113	Overtime	\$ 60,175	\$ 13,324	\$ -	\$ 13,324	\$ 46,851	78%	\$ 30,000	\$ (30,175)	-50%	SAA Retro pay hitting in April Showing a lower trend, but may pick up later in year. Snow OT was booked here, but light winter
121	Substitute	\$ 349,143	\$ 365,225	\$ 35,889	\$ 401,114	\$ (51,972)	-15%	\$ 475,000	\$ 125,858	36%	FY23 was over 522k- account appears to have been underbudgeted. Projected thru EOY using daily run rate
127	Courier Salary	\$ 8,950	\$ 5,949	\$ 3,295	\$ 9,244	\$ (294)	-3%	\$ 9,244	\$ 294	3%	Minimum wage increase, minor impact.
130	Snow Removal	\$ 23,575	\$ 1,008	\$ -	\$ 1,008	\$ 22,567	96%	\$ 1,300	\$ (22,275)	-94%	Snow OT was not being consistently booked here, corrected process going forward
205	Workers Compensation	\$ 278,938	\$ 208,455	\$ -	\$ 208,455	\$ 70,484	25%	\$ 236,090	\$ (42,848)	-15%	Per broker, improvements in experience rating is being reflected in lower premium cost.
220	Health Insurance	\$ 6,975,658	\$ 4,605,639	\$ 2,846,077	\$ 7,451,716	\$ (476,058)	-7%	\$ 6,975,658	\$ -	0%	Employee cost share timing-budget on track for EOY. Verify
240	Life Insurance	\$ 32,015	\$ 24,907	\$ 2,987	\$ 27,894	\$ 4,121	13%	\$ 32,015	\$ -	0%	Disability booked here as well.
250	Social Security - Employer	\$ 344,839	\$ 227,424	\$ 672	\$ 228,096	\$ 116,743	34%	\$ 369,839	\$ 25,000	7%	Tied to payroll, working through SS payment issues, may receive future refunds.
251	Tuition Reimbursement, Teachers	\$ 20,000	\$ 5,250	\$ -	\$ 5,250	\$ 14,750	74%	\$ 20,000	\$ -	0%	\$20k per contract divided equally EOY between successful participants.
255	Disability Insurance	\$ 3,326	\$ -	\$ -	\$ -	\$ 3,326	100%	\$ -	\$ (3,326)	-100%	Currently booked in Obj 240. FY25 budget will combine.
260	Defined Contribution Plan- Employer Share	\$ 263,958	\$ -	\$ -	\$ -	\$ 263,958	100%	\$ 247,902	\$ (16,056)	-6%	5% ER contribution to the DC plan made to eligible employees each June. Amount per HR schedule
262	TSA, Employer Share	\$ 36,000	\$ 25,876	\$ -	\$ 25,876	\$ 10,124	28%	\$ 46,000	\$ 10,000	28%	\$10k back payment made, encumbrance will be adjusted and will end ~\$10k over.
265	Medicare - Employer	\$ 331,463	\$ 207,306	\$ 482	\$ 207,787	\$ 123,676	37%	\$ 331,463	\$ -	0%	Tied to payroll.
267	Flexible Benefits	\$ 2,500	\$ 629	\$ 912	\$ 1,542	\$ 958	38%	\$ 2,500	\$ -	0%	FSA admin fee.
270	Retirement, Teachers	\$ 73,170	\$ -	\$ -	\$ -	\$ 73,170	100%	\$ 68,000	\$ (5,170)	-7%	(2) eligible retirements reported, estimated payout \$68k.
275	Unemployment	\$ 22,500	\$ 3,856	\$ 22,500	\$ 26,356	\$ (3,856)	-17%	\$ 25,000	\$ 2,500	11%	\$19k catch-up payment in December has not hit yet and will wipe encumbrance, but future charges should be low if any. E/m HR to investigate
320	Professional Educational Services	\$ 7,015	\$ 4,921	\$ -	\$ 4,921	\$ 2,094	30%	\$ 7,015	\$ -	0%	
321	Homebound Instruction	\$ 8,000	\$ 12,734	\$ -	\$ 12,734	\$ (4,734)	-59%	\$ 14,000	\$ 6,000	75%	Contracted former teachers tutoring expelled student. Student outplaced and tutoring ceased 4/2
322	Professional Training & Development	\$ 198,992	\$ 74,696	\$ 31,783	\$ 106,479	\$ 92,513	46%	\$ 198,992	\$ -	0%	
330	Professional Services	\$ 1,261,359	\$ 1,076,896	\$ 345,706	\$ 1,422,603	\$ (161,244)	-13%	\$ 1,500,000	\$ 238,641	19%	Legal Fees trending high due to negotiations and other issues, likely to end \$75k over. SPED Svcs, mostly OTPT and contracted Paras over ~\$144k. Tecton final billing pushed district wide acct over \$9k (unbudgeted)
331	Officials	\$ 56,998	\$ 54,157	\$ -	\$ 54,157	\$ 2,841	5%	\$ 54,157	\$ (2,841)	-5%	
430	Purchased Services	\$ 788,096	\$ 566,408	\$ 129,971	\$ 696,379	\$ 91,717	12%	\$ 788,096	\$ -	0%	
435	Technology Repair & Maintenance	\$ 89,084	\$ 57,245	\$ 28,146	\$ 85,391	\$ 3,693	4%	\$ 89,084	\$ -	0%	
439	Field Maintenance	\$ 157,680	\$ 81,473	\$ 20,992	\$ 102,466	\$ 55,214	35%	\$ 157,680	\$ -	0%	
440	Leases	\$ 364,637	\$ 347,487	\$ 41,714	\$ 389,201	\$ (24,564)	-7%	\$ 374,637	\$ 10,000	3%	Slightly higher overages and \$9k device lease payment overage (budget was not reflective of contract.)
490	Waste Removal	\$ 78,925	\$ 43,931	\$ 32,087	\$ 76,018	\$ 2,907	4%	\$ 76,018	\$ (2,907)	-4%	

		FY24	FY24 YTD	FY24 YTD	FY24 YTD	Budget Remaining		FY24 Year-End	YE Forecast vs Budget		
Object	Description	Revised Budget	Actual	Encumbrances	Actual + Enc.	(Unencumbered)	%	Forecast	Variance (Under)/Over Budget	%	Explanation
510	Student Transportation Service	\$ 3,836,442	\$ 2,256,797	\$ 1,521,732	\$ 3,778,529	\$ 57,913	2%	\$ 3,836,442	\$ -	0%	On track, but SPED needs may change.
520	Insurance - Liability & Property	\$ 523,234	\$ 487,539	\$ 44,953	\$ 532,492	\$ (9,258)	-2%	\$ 487,541	\$ (35,693)	-7%	Reflects actual renewal rates, forecasted to end year ~\$36k under budget.
530	Telephone / Communications	\$ 49,356	\$ 63,985	\$ 3,983	\$ 67,968	\$ (18,612)	-38%	\$ 82,000	\$ 32,645	66%	Structural deficit in budget, mid-year rate increase, FY25 budget adjusted accordingly
540	Postage	\$ 11,178	\$ 11,178	\$ -	\$ 11,178	\$ -	0%	\$ 11,178	\$ -	0%	
550	Printing & Binding	\$ 22,456	\$ 7,930	\$ 590	\$ 8,520	\$ 13,936	62%	\$ 20,000	\$ (2,456)	-11%	May pick up towards end of year.
560	Tuition	\$ 749,437	\$ 725,960	\$ 56,757	\$ 782,717	\$ (33,280)	-4%	\$ 782,717	\$ 33,280	4%	Reflects estimated tuitions- ESY not captured in original budget.
561	Non-Public Tuition	\$ 2,052,337	\$ 1,483,569	\$ 754,974	\$ 2,238,543	\$ (186,206)	-9%	\$ 2,238,543	\$ 186,206	9%	Reflects estimated tuitions- ESY not captured in original budget.
580	Travel	\$ 20,777	\$ 5,132	\$ 9,830	\$ 14,962	\$ 5,815	28%	\$ 20,777	\$ -	0%	
611	Instructional Supplies	\$ 241,192	\$ 169,553	\$ 28,947	\$ 198,500	\$ 42,692	18%	\$ 241,192	\$ -	0%	
612	Administrative Supplies			\$ -	\$ -	\$ -		\$ -	\$ -	0%	
613	Custodial Supply	\$ 288,519	\$ 215,445	\$ 24,271	\$ 239,716	\$ 48,803	17%	\$ 288,519	\$ -	0%	
615	Vandalism	\$ -	\$ (1,408)	\$ -	\$ (1,408)	\$ -		\$ (1,408)	\$ (1,408)	0%	
621	Propane Gas	\$ 19,625	\$ 8,831	\$ 11,162	\$ 19,993	\$ (368)	-2%	\$ 19,993	\$ 368	2%	
622	Electricity	\$ 928,192	\$ 580,540	\$ 310,115	\$ 890,655	\$ 37,537	4%	\$ 908,192	\$ (20,000)	-2%	25% higher contracted supply rate began 12/1/23, impact covered in budget.
625	Heating Oil	\$ 893,800	\$ 525,775	\$ 368,025	\$ 893,800	\$ -	0%	\$ 843,800	\$ (50,000)	-6%	Current trend is 44k gals under, evaluating sale/other use options for committed gallons.
626	Diesel & Gasoline	\$ 308,750	\$ 219,747	\$ 86,277	\$ 306,024	\$ 2,726	1%	\$ 308,750	\$ -	0%	
627	Vehicle Parts & Supplies	\$ 17,500	\$ 12,241	\$ 2,433	\$ 14,674	\$ 2,826	16%	\$ 17,500	\$ -	0%	
641	Textbooks	\$ 281,191	\$ 246,943	\$ 5,307	\$ 252,250	\$ 28,941	10%	\$ 281,191	\$ -	0%	
642	Library Books	\$ 19,220	\$ 14,787	\$ 4,229	\$ 19,016	\$ 204	1%	\$ 19,220	\$ -	0%	
643	Periodicals	\$ 6,734	\$ 5,836	\$ 79	\$ 5,915	\$ 819	12%	\$ 6,734	\$ -	0%	
650	Technology Supplies	\$ 11,000	\$ 3,370	\$ 595	\$ 3,964	\$ 7,036	64%	\$ 11,000	\$ -	0%	
690	Other Supply	\$ 164,206	\$ 111,031	\$ 7,898	\$ 118,929	\$ 45,276	28%	\$ 164,342	\$ 136	0%	
695	Technology Software	\$ 276,010	\$ 201,938	\$ 35,494	\$ 237,431	\$ 38,578	14%	\$ 276,010	\$ -	0%	
720	Building Improvement	\$ -	\$ 131,880	\$ -	\$ 131,880	\$ -		\$ 175,000	\$ 175,000	100%	Only being used for true urgent issues for rest of year. Amount spent in this account can be removed from planned capital reserve contribution below at EOY if needed.
721	Capital Reserve Contribution	\$ 900,614	\$ -	\$ -	\$ -	\$ 900,614	100%	\$ 900,614	\$ -	0%	
730	New Equipment	\$ 14,550	\$ 23,874	\$ 640	\$ 24,514	\$ (9,964)	-68%	\$ 24,514	\$ 9,964	68%	"Project Lead the Way" related equipment- investigating possible reimbursement.
810	Dues & Fees	\$ 78,002	\$ 63,313	\$ 5,254	\$ 68,567	\$ 9,435	12%	\$ 78,002	\$ -	0%	
831	Debt - Principal	\$ 1,015,000	\$ 730,000	\$ 285,000	\$ 1,015,000	\$ -	0%	\$ 1,015,000	\$ -	0%	
832	Debt - Interest	\$ 242,913	\$ 239,706	\$ 3,207	\$ 242,913	\$ -	0%	\$ 242,913	\$ -	0%	
Total Expenses		\$ 47,655,710	\$ 31,723,566	\$ 14,360,986	\$ 46,084,551	\$ 1,571,158	\$ 0	\$ 48,076,447	\$ 420,737	0.9%	
Non-Assessment Revenue (Offsets Expenses)											
Account	Description	FY24 Revised Budget	FY24 YTD Actual	FY24 YTD Encumbrances	FY24 YTD Actual + Enc.	Budget Remaining	% Rem	FY24 Year-End Forecast	YE Forecast vs Budget (Under)/Over Budget	%	Explanation
305.000	Misc. / Unidentified Revenue	\$ -	\$ 36,131	\$ -	\$ 36,131	\$ (36,131)		44,548	44,548	100%	
305.254.	Classroom Rental Revenue	\$ 37,490	\$ 28,118	\$ -	\$ 28,118	\$ 9,373	25%	37,490	-	0%	
606.000	Adult Education (State) Contribution	\$ 4,838	\$ 6,248	\$ -	\$ 6,248	\$ (1,410)	-29%	6,248	1,410	29%	
01311.560.			\$ 37,512								
001.011	Preschool Tuition	\$ 16,500		\$ -	\$ 37,512	\$ (21,012)	-127%	37,512	21,012	127%	Billing complete for year
000.100	Webster Checking Interest Revenue	\$ -	\$ 1,922	\$ -	\$ 1,922	\$ (1,922)		2,000	2,000	100%	
000.101	Webster Investment Interest	\$ 20,000	\$ 65,401	\$ -	\$ 65,401	\$ (45,401)	-227%	70,000	50,000	250%	Impact of higher interest rates.
01510.103.			\$ 12,607								
000.102	STIF Interest	\$ 4,800		\$ -	\$ 12,607	\$ (7,807)	-163%	15,000	10,200	213%	Impact of higher interest rates in State-sponsored Short Term Investment Fund and catch up of interest recognition.
02225.110.			\$ 39,624								
305.656	ERate Revenue	\$ 36,000		\$ -	\$ 39,624	\$ (3,624)	-10%	39,624	3,624	10%	E-rate revenue timing, budget represents an estimate only.
02540.622.			\$ 12,480								
205.354	ZREC Credits - Revenue	\$ 48,000		\$ -	\$ 12,480	\$ 35,520	74%	17,335	(30,665)	-64%	Production down 63% YoY, mostly due to one of the least sunny summers on record in 2023. One payment remains for FY24.

		FY24	FY24 YTD	FY24 YTD	FY24 YTD	Budget Remaining		FY24 Year-End	YE Forecast vs Budget		
Object	Description	Revised Budget	Actual	Encumbrances	Actual + Enc.	(Unencumbered)	%	Forecast	Variance (Under)/Over Budget	%	Explanation
03117.100. 606.000	Medicaid Reimbursement Revenue	\$ 21,463	\$ 35,240	\$ -	\$ 35,240	\$ (13,778)	-64%	40,000	18,537 86%		Updated thru March payment. Will owe back \$12k in FY25, but on track for year.
04200.100. 001.178	Excess Cost Grant, Special Education	\$ 1,064,987	\$ 846,287	\$ -	\$ 846,287	\$ 218,700	21%	1,031,452	(33,535) -3%		Paid in Feb and May. Based on final amount published by State 3/28/24
	Total Non-Assessment Revenue	1,254,078	1,121,571	0	1,121,571	132,507	11%	1,341,208	\$ 87,131	6.9%	
	Net General Budget Total	46,401,632	30,601,995	14,360,986	44,962,981	1,438,651	3%	\$ 46,735,238	\$ 333,606	0.7%	
Assessment Revenue											
Account	Description	FY24 Revised Budget	FY24 YTD Actual	FY24 YTD Encumbrances	FY24 YTD Actual + Enc.	Budget Remaining	% Rem	FY24 Year-End Forecast	YE Forecast vs Budget Variance		Explanation
000.000	Haddam, Town Contribution	\$ 28,439,379.92	\$ 23,224,218.00	\$ -	\$ 23,224,218.00	\$ 5,215,161.92	18%	\$ 28,439,379.92	\$ -		
000.000	Killingworth, Town Contribution	\$ 17,831,250.63	\$ 14,561,063.00	\$ -	\$ 14,561,063.00	\$ 3,270,187.63	18%	\$ 17,831,250.63	\$ -		
	Total Assessment Revenue	46,270,631	37,785,281	0	37,785,281	8,485,350	18%	\$ 46,270,631	\$ -		