

GROTON BOARD OF EDUCATION
FINANCE/FACILITIES COMMITTEE
SPECIAL MEETING
JANUARY 22, 2024 @ 5:00 P.M.
TOWN HALL ANNEX, CR 2

NOTE: This meeting is being held in-person. For those attending via Zoom, please click on the meeting under District Calendar for the Zoom link.

Mission Statement: Our mission is teaching and learning.

Board Goals: In richness of cultures and with a respect for all, (1) Provide Dynamic Rigorous Curriculum, (2) Ensure Effective and Engaging Instruction, and (3) Embrace Excellent Learning Environment

AGENDA

1. Call to Order
2. Review December 19, 2023 Meeting Minutes ([Attachment #1](#))
3. Discussion re: Historical Revenue to Support Education ([Attachment #2](#))
 - Budget to Actual
 - Excess Revenue Collected Over the Budgeted Amount
4. Discussion re: FY24 Estimated Forecast ([Attachment #3](#))
5. Health Reserve Update ([Attachment #4](#))
6. Director of Finance Report
 - Unanticipated Property Costs ([Attachment #5](#))
7. Director of Buildings & Grounds Report
8. Adjournment

GROTON BOARD OF EDUCATION
FINANCE/FACILITIES COMMITTEE
SPECIAL MEETING MINUTES
DECEMBER 19, 2023 @ 6:00 P.M.
CENTRAL OFFICE, ROOM 11

Members Present: Dean Antipas, Beverly Washington, Jennifer White

Also Present: Susan Austin, David Fleig, Sam Kilpatrick, David Haugeto

Chairman Antipas called the meeting to order 6:16 p.m.

1. Review November 14, 2023 Meeting Minutes - Prior meeting minutes were reviewed and accepted.
2. Discussion re: FY24 Financial Challenges – Dave Fleig shared an update on the challenges that were previously shared with the Finance Committee and the Board of Education (see attachment).
 - Healthcare cost claims have run over \$1 million for the last eight to ten months. This amount has exceeded what has historically been seen. Claims for this month are 64% over last year at this time due to more claims and higher priced claims. Standard medical claims are running at about a 1% trend. He will receive more information at an initial renewal meeting with the Town and Anthem BC/BS, including what pricing might look like for next year.
 - We are in 1% of last year's utilities bills.
 - We are averaging approximately \$8,000 per month of unpaid student lunch charges.
3. Planning for FY25 Budget Process – Dave Fleig gave an update on the budget process (see attachment). He shared early observations regarding rate increases on wages, transportation, insurance, and utilities. Magnet school tuition expenses will decrease due to the passing of House Bill 5003, which eliminates the district's responsibility to pay for magnet school tuition. The tuition will be paid for by a state grant.
4. Property Cost Update – David Fleig reviewed property damage costs (see attachment). The estimated cost to the Board of Education is \$173,000.
5. Director of Finance Report – David Fleig shared an update regarding the average cost per pupil in Groton as compared to area towns. He also shared a one-page overview document that he created for each school, which shows a different way to look at the school's budget. It includes the history of the school, the number of students, operating statistics, staff by type (certified/non-certified) as well as the amount of the school's instructional budget.
6. Director of Buildings & Grounds Report – Sam Kilpatrick stated that the vape detectors will be installed in the bathrooms at each school during the holiday break. They detect smoke as well as loud noises (i.e., fights in the bathroom). He also stated the he received a \$70,000 estimate for one water heater at FHS.

The meeting adjourned at 7:20 p.m.



FY24 Financial Challenges Being Monitored

Health Insurance Claims

- Health insurance claims are up ~39% or ~\$1.2M over the prior year
- Health insurance budget was reduced ~\$725K during the budget process
- Insurance reserve will be depleted

Property Costs

- Incurred eight new property events and one ADA Compliant investment
- YTD expected to exceed ~\$173K

Transportation Costs

- The mix of standard buses has changed costing us ~\$22K (six add'l mid-day buses and one less regular bus)
- Out of town athletic event bus costs are 2.25x the budgeted amount

Utilities

- 54% of the Electricity Budget spent. Electricity costs will be similar to last year.
- Natural Gas & Oil budgets ~25%-40% lower than FY23 actual expense

Lunch Program Collection

- Averaging ~\$8.5K of unpaid student lunch charges per month (primarily @ CB, NEA, FHS)
- Incurred ~\$26K of charges YTD and estimating \$80K for the full year

Contractual & Wage Inflation

- Para Union Contractual Agreement Signed
- CT State Minimum Wage Increase Effective January 1st (\$15 to \$15.69 hour)

Legal Fees

- Contractual Negotiations, Robotics and SPED fees rising quickly
- Only \$26K remaining in the Legal Fees Budget

Prior Year Expenses

- ~\$626K of prior year expenses deferred to FY24
- ~\$89K of FY23 related invoices not received until FY24
- DOD Supplemental balance at risk



FY25 Budget Process Update



Process Update

Process:

- Internal budget reviews ongoing
- Important vendor renewal meetings coming up (i.e. health and property/liability insurance)

Challenges:

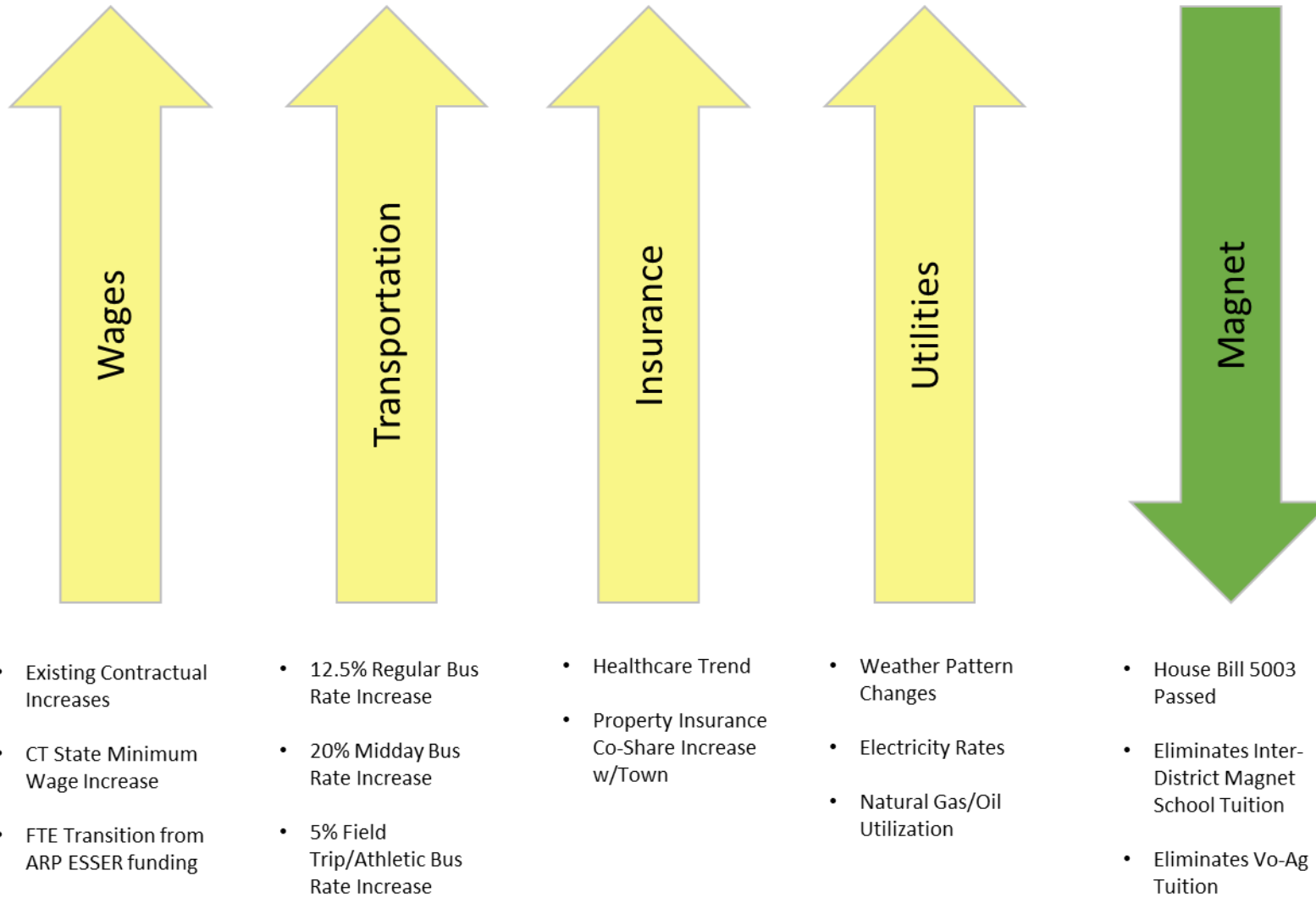
- Negotiated contractual obligations (people, bus, insurance)
- Increased mandated services

Impactful Assumptions:

- DoD Supplemental funds unknown based on demographic numbers
- Healthcare reserve (above the corridor) will be fully liquidated



Early Observations



Groton Public Schools
Property Damage Information

| Property: | Claim Filed | Total Estimate | Town Contribution | Estimated BOE Cost |
|--|----------------|-------------------|----------------------|-----------------------|
| Mystic River Insurance Claim (Water - Bottle Filler) | 8/4/2023 | \$ 53,691.03 | \$ 13,810.57 | \$ 11,189.43 |
| Mystic River Insurance (Water - Nurse/Admin Area) | BOE Paid | \$ 4,475.48 | \$ - | \$ 4,475.48 |
| Mystic River Transformer Replacement | BOE Paid | \$ 3,486.42 | \$ - | \$ 3,486.42 |
| Mystic River Chain Link Fencing | BOE Paid | \$ 5,000.00 | \$ - | \$ 5,000.00 |
| Fitch Insurance Claim (Water) | 10/3/2023 | \$ 73,971.40 | \$ - | \$ 73,971.40 |
| Fitch HVAC Lines | BOE Est | \$ 12,100.00 | \$ - | \$ 12,100.00 |
| Fitch Water Heater | BOE Est | \$ 40,000.00 | \$ - | \$ 40,000.00 |
| Fitch Fieldhouse Lift (ADA Compliant) | BOE Paid | \$ 7,177.00 | \$ - | \$ 7,177.00 |
| GMS Generator (Fix) + Cost of Short term Rental | BOE Est | \$ 15,500.00 | \$ - | \$ 15,500.00 |
| Total Estimated Costs | | \$ 215,401.33 | \$ 13,810.57 | \$ 172,899.73 |

Groton Public Schools
Historical Revenue to Support Education
Budget to Actual

| | 2024 | Actual* | | | | | | |
|------------------------------------|----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | | 2023** | 2022 | 2021 | 2020 | 2019 | 2018 | 2018-2023 |
| 4521 Education Cost Sharing | - | 25,124,493 | 25,183,030 | 25,006,069 | 24,969,249 | 25,025,766 | 24,903,311 | 150,211,918 |
| 4522 Adult Education | - | 89,615 | 117,717 | 117,310 | 113,451 | 102,394 | 102,900 | 643,387 |
| 4525 Special Education Excess Cost | - | 1,073,201 | 1,110,911 | 998,437 | 1,293,954 | 917,145 | 891,571 | 6,285,219 |
| 4534 Magnet School Transportation | - | 131,300 | 117,000 | 143,000 | 189,800 | 182,000 | 209,300 | 972,400 |
| 4544 Non-Public Pupil Service | - | 24,394 | 26,369 | 18,783 | 26,246 | 22,315 | 20,847 | 138,954 |
| 4508 Medicaid | - | 236,961 | 129,184 | 90,630 | 117,659 | 271,881 | 271,834 | 1,118,149 |
| 4591 Pupil Impact Aid | - | 4,201,315 | 3,901,177 | 4,213,846 | 3,945,649 | 5,253,028 | 3,751,870 | 25,266,885 |
| 4662 Tuition from Other Towns | - | 37,298 | 29,884 | 19,006 | 78,044 | 104,855 | 120,822 | 389,909 |
| 4669 Other School Receipts | - | 34,830 | 31,440 | 22,073 | 26,124 | 33,549 | 58,289 | 206,305 |
| Total Actual | - | 30,953,407 | 30,646,712 | 30,629,154 | 30,760,176 | 31,912,933 | 30,330,744 | 185,233,126 |

| | Budget* | | | | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2018-2023 |
| 4521 Education Cost Sharing | 25,040,045 | 25,040,045 | 25,040,045 | 25,040,045 | 25,025,766 | 25,040,045 | 19,979,526 | 145,165,472 |
| 4522 Adult Education | 84,277 | 116,103 | 113,451 | 116,960 | 102,300 | 102,334 | 105,000 | 656,148 |
| 4525 Special Education Excess Cost | 1,361,649 | 1,093,637 | 925,000 | 900,000 | 850,000 | 800,000 | 915,000 | 5,483,637 |
| 4534 Magnet School Transportation | 143,000 | 143,000 | 185,000 | 185,000 | 188,000 | 188,000 | 188,000 | 1,077,000 |
| 4544 Non-Public Pupil Service | 26,400 | 26,369 | 26,246 | 26,246 | 22,000 | 22,000 | 188,000 | 310,861 |
| 4508 Medicaid | 207,105 | 196,570 | 195,100 | 195,311 | 149,039 | 93,000 | 139,000 | 968,020 |
| 4591 Pupil Impact Aid | 4,433,835 | 4,094,283 | 3,316,515 | 3,283,678 | 3,306,657 | 3,214,533 | 3,250,000 | 20,465,666 |
| 4662 Tuition from Other Towns | 30,000 | 20,000 | 20,000 | 64,000 | 70,000 | 70,000 | 145,487 | 389,487 |
| 4669 Other School Receipts | 31,000 | - | 16,000 | 25,000 | 19,000 | 19,000 | 18,998 | 97,998 |
| Total Budget | 31,357,311 | 30,730,007 | 29,837,357 | 29,836,240 | 29,732,762 | 29,548,912 | 24,929,011 | 174,614,289 |

| | | | | | | | | |
|---|---------------------|----------------|----------------|----------------|------------------|------------------|------------------|-------------------|
| Excess Revenue Collected over Budget | (31,357,311) | 223,400 | 809,355 | 792,914 | 1,027,414 | 2,364,021 | 5,401,733 | 10,618,837 |
|---|---------------------|----------------|----------------|----------------|------------------|------------------|------------------|-------------------|

| | | | | | | | | |
|--|--------------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|
| Excess Impact Aid Collected over Budget | (4,433,835) | 107,032 | 584,662 | 930,168 | 638,992 | 2,038,495 | 501,870 | 4,801,219 |
|--|--------------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|

* Per Town of Groton Adopted Budget books

** Per Groton Board of Ed records

Groton Public Schools
FY24 Estimate

| | <u>FY24 Budget</u> | <u>FY24 Estimate</u> | <u>Increase (Decrease)</u> | <u>% Incr/(Decr)</u> | |
|---------------------------|--------------------|----------------------|--------------------------------|----------------------|---|
| Salaries & Wages | \$ 52,677,853 | \$ 52,747,105 | 69,252 | 0.13% | |
| Employee Benefits | \$ 9,936,781 | \$ 9,909,402 | (27,379) | (0.28%) | Estimated lower unemployment costs |
| Purchased Services | \$ 2,209,079 | \$ 2,280,388 | 71,309 | 3.23% | FHS & MRM unexpected property costs (water issues) |
| Property Services | \$ 871,964 | \$ 1,068,228 | 196,264 | 22.51% | FHS & MRM unexpected property costs (boiler, hvac lines, fence), grounds maintenance not budgeted |
| Trans, Ins, Comm, Tuition | \$ 12,402,129 | \$ 12,112,583 | (289,546) | (2.33%) | Less special education placements (lower tuition costs) |
| Supplies | \$ 3,229,576 | \$ 3,382,369 | 152,793 | 4.73% | Estimated higher utility costs, unpaid lunch balances |
| Equipment | \$ 83,734 | \$ 88,903 | 5,169 | 6.17% | |
| Dues & Fees | \$ 99,511 | \$ 91,477 | (8,034) | (8.07%) | |
| Total | \$ 81,510,627 | \$ 81,680,456 | 169,829 | 0.21% | |

NOTE: Unexpected property costs are estimated to be ~\$208K

Includes the Following:

| | | |
|---|------------|---|
| a. ARP ESSER Grant is balanced | | |
| b. DoD Supplemental funds | \$ 638,000 | |
| c. Holdback 30% of Site Budgets | \$ 245,960 | Currently holding back 40% |
| d. Salary / Schedule opportunities | \$ 305,537 | |
| e. Utilize IDEA FY23 Carryover funds | \$ 32,733 | Use to cover Para Retro Payment |
| f. Utilize insurance reserve to pay for healthcare claims | TBD | Need BOE and Town approval to use reserve |
| g. Impact Aid Funds Received in December | \$ 153,000 | |
| h. eRate Rebate | \$ 21,625 | |
| i. Limit encumbrances post May 1st | | Limit to Maintenance, Athletics, Site Budgets, Mandated Expenses, Emergencies |

Risks:

- a. Additional unexpected property costs
- b. Additional general maintenance / repair costs
- c. Additional special education placements / needs
- d. Bus contract costs for athletics (need invoices to validate costs)

Town of Groton & Groton Board of Education
 Health Insurance Reserve
 As of June 30, 2023

BALANCE 6/30/22 **\$ 8,313,754.68**

RECEIPTS

| | | | |
|-----------|----|--------------|-----------------|
| Town | | | |
| Employees | \$ | 705,855.10 | |
| Employer | \$ | 4,930,191.00 | |
| COBRA | \$ | - | |
| Life Ins | \$ | 225.24 | \$ 5,636,271.34 |

Board of Education

| | | | |
|-----------------|-----------|---------------------|------------------------|
| Employee | \$ | 2,321,491.20 | |
| Employer | \$ | 5,202,541.37 | |
| COBRA | \$ | - | \$ 7,524,032.57 |

| | | | |
|-------|--|--|---------------|
| Other | | | \$ 322,863.21 |
|-------|--|--|---------------|

| | | | |
|----------|--|--------------|------------------|
| Interest | | \$ 81,989.86 | \$ 13,565,156.98 |
|----------|--|--------------|------------------|

DISBURSEMENTS

| | | | |
|---------------------------|----|--------------|-------------------------------|
| Town | | | |
| Claims | \$ | 4,820,654.95 | |
| Network Access Fee | \$ | 105,910.13 | |
| Employer HSA contribution | \$ | 340,558.66 | |
| Guardian Life Ins | \$ | 21,370.86 | \$ 5,288,494.60 |
| PCORI Fee (IRS) | \$ | 1,432.67 | |
| ASO Recovery | \$ | - | |
| Administration | \$ | 198,832.46 | \$ 200,265.13 \$ 5,488,759.73 |

Board of Ed

| | | | |
|---------------------------|-----------|---------------------|--------------------------------------|
| Claims | \$ | 9,137,168.02 | |
| Network Access Fee | \$ | 138,621.86 | \$ 9,275,789.88 |
| PCORI Fee (IRS) | \$ | 2,855.57 | |
| ASO Recovery | \$ | - | |
| Administration | \$ | 396,897.92 | \$ 399,753.49 \$ 9,675,543.37 |

Outside Agencies/Other

| | | | |
|--------------------|----|------------|----------------------------|
| Claims | \$ | 121,552.32 | |
| Network Access Fee | \$ | 1,501.13 | \$ 123,053.45 |
| Administration | \$ | 25,326.48 | \$ 25,326.48 \$ 148,379.93 |

| | | | |
|-----------------------|--|--------------|-------------------------------|
| MDG Benefit Solutions | | \$ 58,999.92 | \$ 58,999.92 \$ 15,371,682.95 |
|-----------------------|--|--------------|-------------------------------|

Balance 6/30/23 **\$ 6,507,228.71**

Groton Public Schools
Property Cost Information

| Property: | Claim Filed | Total Estimate | Town Contribution | Estimated BOE Cost |
|--|----------------|-------------------|----------------------|-----------------------|
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| Mystic River Chain Link Fencing | BOE Paid | \$ 5,000.00 | \$ - | \$ 5,000.00 |
| Fitch Insurance Claim (Water) | 10/3/2023 | \$ 73,971.40 | \$ - | \$ 73,971.40 |
| Fitch Water Issue #2 | BOE Est | \$ 20,000.00 | | \$ 20,000.00 |
| Fitch HVAC Lines | BOE Paid | \$ 6,548.00 | \$ - | \$ 6,548.00 |
| Fitch Water Heater | BOE Est | \$ 70,000.00 | \$ - | \$ 70,000.00 |
| Fitch Fieldhouse Lift (ADA Compliant) | BOE Paid | \$ 7,177.00 | \$ - | \$ 7,177.00 |
| GMS Generator (Fix) + Cost of Short term Rental | BOE Paid | \$ 6,303.18 | \$ - | \$ 6,303.18 |
| Total Estimated Costs | | \$ 250,652.51 | \$ 13,810.57 | \$ 208,150.91 |