



Regional School District #17 Board of Education's Proposed Budget Fiscal Year 2025 (FY25)

April 2, 2024

Regional School District #17

Prem Aithal, BOE Treasurer



Budget Summary Process and Timeline

Superintendent Budget presented	2/27/2024
Budget Workshops (4)	2/27/2024
	3/5/2024
	3/12/2024
	3/26/2024
Joint Budget Mtg with Towns/BoFs	3/5/2024
Community Input on Superintendent Budget	3/19/2024
BOE Annual Hearing to Present BOE-Approved Budget	4/2/2024
Special Meeting for Board Approval of the Budget	4/2/2024
Annual Meeting	5/6/2024
RSD17 Budget Referendum	5/7/2024

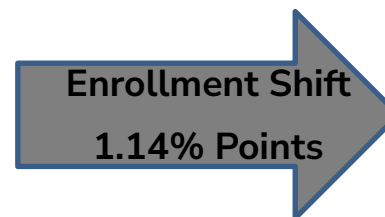


BOE Proposed Budget

- The gross budget was decreased by (\$78K), or (0.16%), from the Superintendent budget to a **Gross Budget increase of 4.7%**.
- The expected revenue was increased by approximately \$31K, or 2.5% from the Superintendent's budget, which had flat revenue year over year.
- The changes resulted in a net budget reduction of approximately (\$109K) & net assessment allocated to the towns decrease of approximately 25 basis points (0.25%), compared with the Superintendent's budget.
- Net assessment is impacted by items related to FY22 and prior

	FY24	Proposed FY25	Chg	%	Vs. Initial
GROSS BUDGET	47,655,708	49,904,079	2,248,371	4.7%	-0.16%
Revenue	1,254,078	1,285,128	31,050	2.5%	2.48%
NET BUDGET	46,401,630	48,618,951	2,217,321	4.8%	-0.23%
<i>Less: Refund of Estimated Fund Balance</i>					
	131,000	1,060,457	929,457		
NET ASSESSMENT ALLOCATED TO TOWNS	46,270,630	47,558,494	1,287,864	2.8%	-0.24%

Haddam
 \$28,678,726
 +\$239,346
 +0.8%



Killingworth
 \$18,879,769
 +\$1,048,518
 +5.9%



BOE Proposed Gross Budget

- 11 categories drive 88% of the overall budget increase
- Within this proposed budget, there are proposed cuts of (9) positions (through attrition/vacancies).
- In addition to the proposed cuts, there is a staffing add for an in-house FTE for Controller in the Financial Office.
- State reimbursements of \$496K are being used to reduce gross budget expenses of debt principal and interest

FY24 Adopted Budget	\$47,655,708
FY25 BOE Proposed Budget	\$ 49,904,079
Variance	\$ 2,248,371
Change %	4.7%



BOE Proposed Budget Adjustments

- Six material non-staffing adjustments represented approximately 99% of the total (\$188K) adjustments made.
- The proposed in-house FTE Finance staffing add for Controller added \$110K to the BOE proposed budget
- Gross budget decreased by (\$78K) from the Superintendent budget

Adjustment	Material adjustments since Superintendent Budget	Amount
<i>SPED transportation</i>	<i>Reevaluation of trend data resulted in a decrease</i>	<i>(114,000)</i>
<i>Health insurance</i>	<i>Increase based on latest insurance trend data at ECHMC</i>	<i>101,699</i>
<i>Professional services</i>	<i>Reduction of one-time projects, partially offset by master capital plan conceptual design coverage</i>	<i>(75,000)</i>
<i>Bond principal</i>	<i>Final post-audit payment from state</i>	<i>(59,481)</i>
<i>Purchased services</i>	<i>Shifting costs to food services program - researching</i>	<i>(22,200)</i>
<i>HVAC Assessment</i>	<i>Removing one additional school from HVAC Assessment (based on pending legislation)</i>	<i>(17,351)</i>
<i>Other items</i>	<i>Other items</i>	<i>(1,381)</i>
Subtotal	Subtotaled adjustments	(187,714)
Staffing add	Finance staffing add for Controller	110,000
TOTAL	TOTAL ADJUSTMENTS TO GROSS BUDGET	(77,714)



BOE Proposed Revenue

- Only change to Non-Assessment revenue is Pre-K revenue to reflect enrollment.
- Largest component of revenue is SPED Excess Cost Grant of \$1.065M, came in slightly higher in FY24, but not guaranteed.

FY24 Adopted Budget	\$1,254,078
FY25 BOE Proposed Budget	\$ 1,285,128
Variance	\$ 31,050
Change %	2.5%

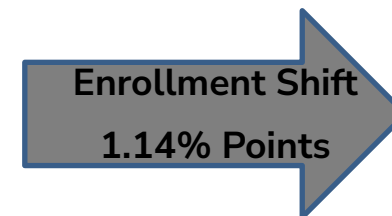
BOE Proposed Net Budget and Net Assessments

FY24 Adopted Budget	\$46,401,631
FY25 BOE Proposed Budget	\$ 48,618,951
Variance	\$ 2,217,321
Change %	4.78%

**Before Refund of Estimated 6/30/23
Fund Balance Applied towards
FY25 Assessments = \$1,060,457**

FY24 Net Assessment Allocation to Towns	\$46,270,631
FY25 Proposed Net Assessment Allocation to Towns	\$ 47,558,494
Variance	\$ 1,287,864
Change % Net Assessment	2.8%

Haddam
\$28,678,726
+\$239,346
+0.8%



Killingworth
\$18,879,769
+\$1,048,518
+5.9%

BOE Proposed Refund Details

Additional 6/30/22 Fund Balance Refund	\$ 48,689
One-Time Adjustment for Accrued Purchase Orders relating to 6/30/22 and prior	\$ 674,850
6/30/23 General Fund Balance	<u>\$ 336,918</u>
Total Refund Applied to FY25 Assessments	\$1,060,457

6/30/2022 Fund Balance Refund Applied to FY24 Assessment

Unaudited Refund Built into FY24 Budget = \$131,000
 Audit Determined Actual Refund Due = \$179,689

Accrued Purchase Order Issue

New accounting system in FY21 automatically rolled over open POs, overstating expenses in prior FY if full PO amount was not spent - Impacts FY21 and FY22
Issue corrected for FY23

FY25 Budget Drivers

Approximately \$1.98M of \$2.25M gross budget increase, or 88%, explained by 11 categories.

Existing Salaries

Contractual Increases Including new HKEA Contract - **\$945K**

Position Cuts

(3) Certified
(6) Non-Certified (attrition/vacancies) - **(\$423K)**

Finance Staff Add

Financial Controller - **\$110K**

Health Insurance

Premium Increase - **\$483K**

Debt Service

MS Bond Retired Grant Reimbursement **(\$824K)**

Buildings and Tech Capital

Strategy Shift, Nets With Debt Service - **\$411K**

Student Transport

Estimated Contract Increase / SPED - **\$461K**

Prof. Services

Outsourcing arrangement nets with Salaries - **\$283K**

SPED Tuition

Rates and Outplacements - **\$184K**

School-Based Equip

Deferred Purchases - **\$206K**

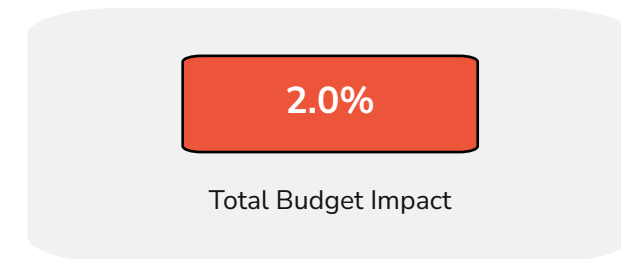
Electricity

New Supply Contract - **\$141K**

Salaries (Existing)

- Contractual salary increases per bargaining agreements, including new HKEA contract (5.9% overall to certified)
- Outsourced finance support staff function for FY24 – normalizing would result in a variance of \$1.2M, or 5.2%

FY24 Adopted Budget	\$23,558,922
FY25 BOE Proposed Budget*	\$ 24,504,403
Variance	\$ 945,481
Change %	4.0%



*Staffing add for Finance staff FTE carved out

Salaries (Position Cuts)

- (3) Certified teacher positions - \$281,332
- (6) Non-certified positions - \$141,667
- All conducted through attrition/vacancies- no layoffs

FY24 Adopted Budget	\$0
FY25 BOE Proposed Budget	\$ (423,000)
Variance	\$ (423,000)
Change %	N/A

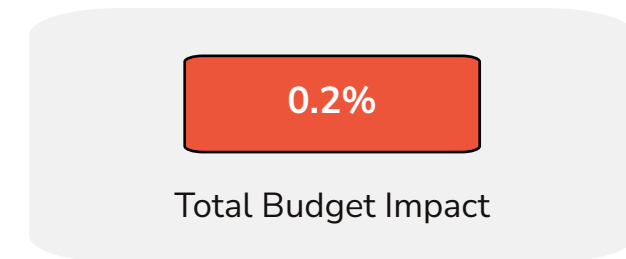
-0.9%

Total Budget Impact

Finance Staff Add (Controller)

- New staffing add subsequent to the superintendent budget at tail-end of budget process
- After resignations of both the Director of Finance & Director of Operations, RSD17 consolidated the two positions into one Director, with Finance, Facilities, IT, Transportation, and Food Services divisions all rolling up to the Director
- Recent audit reports (Blum Shapiro, Seward & Monde) called for more financial oversight and stronger financial controls, particularly in accounting functions
- LEARN currently provides quality operational support staff, but an in-house Finance department leader is needed for oversight, to run financial projects, and to establish solid practices to ensure legal, audit, and financial state requirements are met

FY24 Adopted Budget	\$0
FY25 BOE Proposed Budget	\$ 110,000
Variance	\$ 110,000
Change %	N/A



Health Insurance (Premiums)

- RSD17 participates in the Eastern CT Health and Medical Cooperative (ECHMC)
- ECHMC advised of an estimated premium increase of 6.9% in January, conditions have continued to deteriorate
- Rates set in late April

FY24 Adopted Budget	\$6,999,725
FY25 BOE Proposed Budget	\$ 7,482,706
Variance	\$ 482,981
Change %	6.9%

1.0%

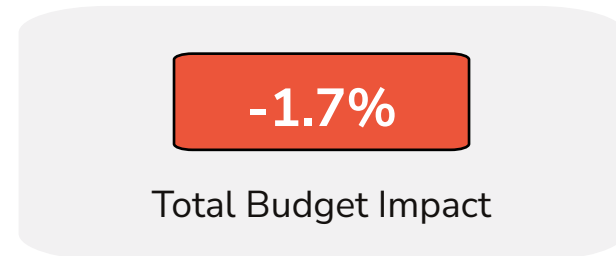
Total Budget Impact

Debt Service (Bonds)

- HKMS Bond (2012 issue of \$9.4M) Retired in FY24
- HS Improvement Bond (2019 issue of \$7.27M) remains thru FY31
- State School Construction Grant reimbursements of \$436k + \$59k (from HKHS project) used to pay portion of FY25 principal.

	Principal- Obj 831	Interest- Obj 832	Total Payment
FY24 (Includes HKMS and HKHS bonds)	\$1,015,000	\$242,913	\$1,257,913
FY25 (HKHS Only, HKMS Retired)	\$730k – \$495,999 from reimb= \$234,001 from GB	\$200,000	\$930,000
FY26	\$730,000	\$163,500	\$893,500
FY27	\$730,000	\$127,000	\$857,000
FY28-FY31	\$2,175,000	\$163,125	\$2,338,125

FY24 Adopted Budget	\$1,257,913
FY25 BOE Proposed Budget	\$ 434,001
Variance	\$ (823,912)
Change %	-61%

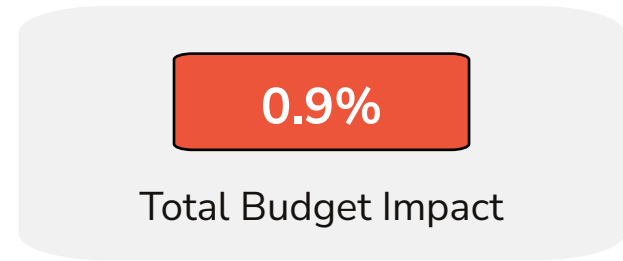


Capital Improvements (Building / Tech)

- Shifting strategy to scope and budget for projects in Building and Technology improvements, then contributing to Capital Reserve with flexibility of grant reimbursement and resulting YE fund balance
- Ensures projects in Capital Priority List (precursor to a full FY26-FY30 Capital Improvement Plan) are planned and built.
- Fully nets with reduction in debt service attributable to construction grant reimbursement

Object	FY24 Budget	FY25 Budget	Change
720- Building Improvements/Emergency	\$0	\$665,603	\$665,703
721- Allocation for potential Capital Reserve Contribution	\$900,614	\$436,918	(\$464,086)
734- Technology Related Hardware	\$0	\$209,750	\$209,750
831/832 Debt Service	\$1,257,913	\$434,001	<u>(\$823,912)</u>
		Net Impact (Budget Reduction)	(\$412,655)

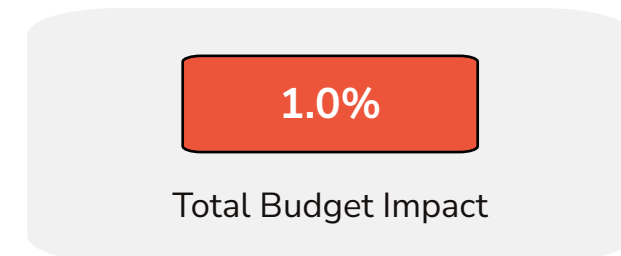
FY24 Adopted Budget	\$900,614
FY25 BOE Proposed Budget	\$ 1,311,871
Variance	\$ 411,257
Change %	46%



Transportation (of Students)

- Current in-district transportation STA rate increase of 9% (contract expires 6/30/26)
- Also reflects increases to SPED, McKinney Vento unfunded mandate (\$102K) and out-of-district transportation costs

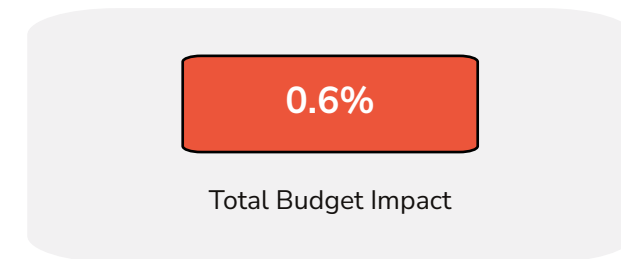
FY24 Adopted Budget	\$3,841,442
FY25 BOE Proposed Budget	\$ 4,302,028
Variance	\$ 460,586
Change %	12%



Professional Services (Financial Operations)

- Line includes several areas, though variance is driven by FY24 outsourcing contract with LEARN. FTEs and \$ reallocated from in-house support staff to outsourced professional services – normalizing for this would result in a (\$32K) decrease year over year, or (2.5%) reduction.
- Several one-time consulting services (i.e. Student Services Audit, Security Audit) in FY24 removed for FY25, partially offset by professional services to cover master plan conceptual design

FY24 Adopted Budget	\$946,981
FY25 BOE Proposed Budget	\$ 1,230,273
Variance	\$ 283,292
Change %	30%



Other notable items

- SPED Tuition: SPED services for HK resident students attending magnet schools and outplaced students (attend private or out-of-district schools per IEP) – budgeted at 70%
- Equipment (School-based): Includes items directly beneficial to students such as fitness equipment replacements, tech ed kits, athletic equipment, as well as needed phone system upgrades.
- Electricity: New supply contract in place as of 12/1/2023

Item	Variance	% Change
SPED Tuition	\$ 183,568	7%
Equipment (School-Based)	\$ 205,694	3809%
Electricity	\$ 140,654	15%
Total	\$529,916	14%

1.1%

Total Budget Impact