

**RUTLAND CITY PUBLIC SCHOOLS**  
**Board of School Commissioners– FINANCE/PLANNING COMMITTEE**  
**September 3, 2024**

**Committee Members Present:**

Marybeth Lennox-Levins, Chair  
Sara Atkins-Doenges  
Justine Franko  
Heather Hauke  
Cathy Solsaa

**Also Present:**

Superintendent Bill Olsen  
Assistant Superintendent Bianca McKeen  
CFO Ted Plemenos  
Controller Tim Smith

**Other Board Members Present:**

Marisa Neary

Chair Lennox-Levins called the meeting to order at 6:11pm.

**CALL TO  
ORDER**

Roll Call – All Committee Members were present. Also present: Commissioner Neary, Bill Olsen, Bianca McKeen, Ted Plemenos and Tim Smith.

**ROLL CALL**

Approval of the Agenda – Motion by Hauke/Franko to approve the agenda as written. Motion carried.

**APPROVAL OF  
THE AGENDA**

Public Input – There was no public input.

**PUBLIC INPUT**

Controller Tim Smith and CFO Ted Plemenos provided updates for the committee. The presentation documents are attached.

FY 2024 Financial Close and Audit Status – Mr. Smith noted catch up required due to turnover in the Business Office. He stated that audits are now current and reviewed FY24 audit expectations, highlighting the schedule, addressing past findings, and a goal for no repeat findings and a clean opinion.

**FINANCIAL  
CLOSE – AUDIT  
STATUS**

Mr. Smith commented on transferring year end data from the old accounting system to the new system (ERP Pro) which requires manual input. Four payroll runs have been completing since implementing the new system with no significant issues. Mr. Smith credited Cathy Koponen and Stacie Eaton for their work related to employee training and fielding phone calls and questions.

Mr. Smith noted the newly automatic accrual of payroll and benefit liabilities, a systematic approach, which is much less labor intensive. Mr. Smith provided remarks regarding the streamlined and automated procurement process which is paperless and utilizes 3 way matching to expedite paying bills. Mr. Plemenos advised that the level of risk is low due to the bulk of transactions being less than \$200. Mr. Smith advised of an automated ordering process that is in place for highly utilized vendors, e.g. Amazon. He gave accolades to Accounting Manager Tracy Smith for managing the migration and training staff.

Representatives from the Business Office will attend an in-person training to be held in Bethel, by Tyler Technologies. Best practice and efficiency will be topics at the training.

All ARP ESSER funds are required to be obligated by September 30, 2024, followed by a 90-day period for liquidation (all goods must be received and paid for during that period.) Mr. Smith noted that the HVAC 3b project may potentially take longer than 90 days and advised that Mr. Bliss applied for a liquidation extension.

Mr. Smith highlighted the new budgeting module included with ERP Pro, noting that the new software will reduce errors and provide a better method for sharing information with administrators.

Annual Budget Assumptions and Outlook for FY 2026 – Mr. Plemenos recognized Mr. Smith for his leadership role in the system migration and noted that over 260 hours have been completed, with at the entire Business Office Leadership Team, participating in at least ½ of all of the training hours.

**BUDGET**

Mr. Plemenos reviewed the FY26 Budget, noting that it would be another challenging year. Key messages included: focus on sources of funding and tax impact, unknown factors, labor negotiations (REA still to be completed), and the basis for budget development being the delivery of educational services outlined in our strategic plan.

Mr. Plemenos commented on inflation rates and the impact on budget.

Mr. Plemenos reviewed the RCPS Homestead Tax Rates FY18 – FY25 and the annual draw on the education fund. He emphasized the importance of focusing on the managing costs and how they are funded. He provided an explanation of CLA (Common Level of Appraisal) and illustration (Page 4 B) of the CLA's impact on budget. Neither the Board or the District have no control over the CLA.

Mr. Plemenos reviewed budgeting principals and demonstrated the average cost per student (long term weighted average daily membership) for discussion. RCPS cost per student is lower than the State average, even with high rates of poverty and trauma in our student population.

Preliminary estimates of cost decreases were presented, including: no need for turf replacement, staff mix, and other areas of impact.

Preliminary estimates of cost increases were presented, including: salary increases (contracted), inflation, special education Census Block Grant funding and health insurance cost.

Mr. Plemenos noted that the Administration is working hard to find efficiencies. Staffing has remained flat despite that it accounts for 80% of our total expenses.

The budget timeline was presented and the Committee was advised that more budget reviews can be scheduled if there is a need.

Mr. Plemenos concluded that the District has been cautious and focusing on budgets for several years ahead. A question and answer guide will be updated for Board Members.

Next Meeting Date – October 1, 2024 – 6:00 pm – 7:00 pm.

**NEXT MEETING**

Motion by Franko/Hauke to adjourn at 7:12 pm. Motion carried.

**ADJOURN**

Respectfully submitted,  
Betty A. Kapitan, Recording Secretary



# FY24 Audit Progress and ERP Pro Update

Finance & Strategic Planning Committee

September 3, 2024

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## FY24 Audit Progress

### FY24 Audit Expectations

- Return to a “preferred” audit timeline
- Fieldwork scheduled for Oct 10<sup>th</sup> & 11<sup>th</sup>, along with week of Nov 4<sup>th</sup>
- FY23 findings (A/P cutoff and Accrued Payroll), have been addressed
- Per d/w Sullivan Powers – audit complete and submit to FAC by Feb 28<sup>th</sup>
- Goal is an unmodified or “clean” audit opinion with no findings

### FY24 Year-end Close

- FY24 year-end close was completed by Aug 31<sup>st</sup>
- All FY24 EOY balances in ADS successfully transitioned into ERP Pro as FY25 BOY balances
- Subsequent and/or auditor adjusting entries will be manually input into new accounting system

## ERP Pro Update

### Payroll and Benefits

- Four successful payroll runs with minimal (non-significant) issues
- Cathy and Stacie have been fielding EE calls to address questions and provide guidance
- New EE dashboard to view earnings history and make changes
- Timesheets, to include substitutes, now entered electronically into ERP Pro
- System maintained accrual of payroll and benefit related liabilities

### Procurement

- Streamlined and electronic approval process for purchase orders
- Improved communication with vendors to expedite placement of orders
- Automated matching of goods/amounts ordered vs. received
- These system improvements impact many people - each whom reacts to and accepts change differently.

### ERP Pro Trainings

- Implementation trainings (per contract) are complete
- Just completed Cash Reconciliation trainings last week
- Business Office will schedule additional trainings as needed:
  - EOY payroll processing
  - W2 and 1099 processing
  - Various quarterly and state reporting
- Business Office will attend VT user group training this Thursday at Mt. Abraham to discuss best practice and efficient system use of ERP Pro

## Looking Ahead

### ARP ESSER

- Close coordination between the BO and Bianca/Glenn to “wind up” ESSER spending
- Period of performance = 9/30/24, Liquidation = 12/30/24
- RCPS has an approved Liquidation Extension from the AOE for HVAC Phase 3b and Wayfinding projects
- The collective ESSER team is pushing to:
  - Maximize ESSER dollars spent
  - Minimize risks of non-compliance

### FY26 Budget Planning

- ERP Pro has an integrated budget planning module that will better synchronize the sharing of information amongst Admin leadership
- Admin leadership encouraged to take a deeper dive into the sources and uses of funds
- Challenging landscape surrounding Public Ed financing intensifies...



## Wrap Up

Questions?

Comments?

*Thank you for your time and consideration.*





# FY 26 Budget Planning and Timeline

Finance and Strategic Planning Committee

September 3, 2024

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## Key Messages for FY 2026

- 1 • Tight budget again for FY 26. Continue focus on:
  - *Minimizing* funds needed from Vermont's State Ed Fund.
  - *Maximizing* use of available federal grant funds (no local tax impact).
  
- 2 • Similar factors driving FY 25 budget will likely be in play for FY 26.
  - Legislative uncertainty. A new Commission is underway.
  - Medical plan costs expected to increase more than 10%.
  - Overall inflation rates continue to trend lower. CPI-U below 3%.
  
- 3 • Labor negotiations with Teachers ongoing.
  - New labor agreements with ESP, AFSCME, RAA.
  
- 4 • CLA pushed FY 25 Homestead Tax Rate to \$1.67 (up 6.3%).

## Inflation Rates are Slowing

**Figure 1. Core CPI Inflation**

*Percent annualized*



“Core” CPI inflation on an annual basis was 2.9% through July 2024, its lowest annual growth rate since March 2021.

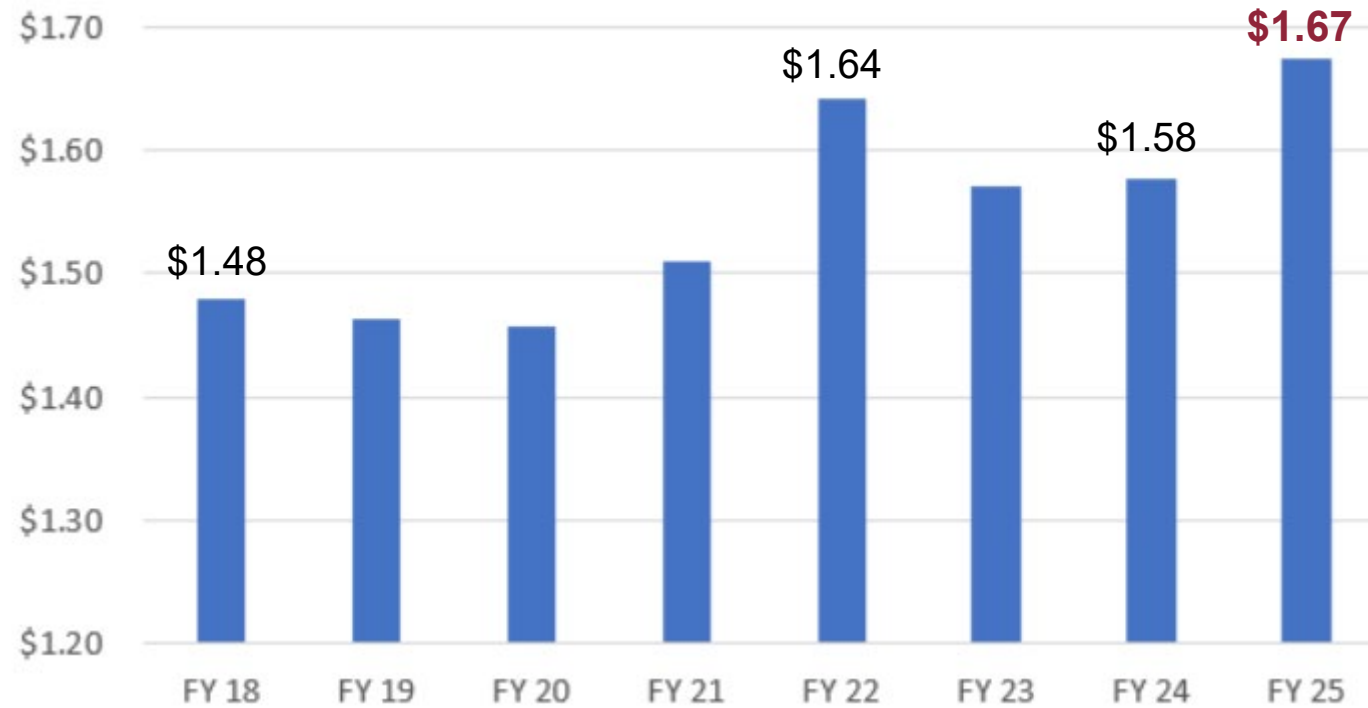
**Council of Economic Advisers**

Source: Bureau of Labor Statistics; CEA calculations.  
As of August 14, 2024 at 8:30am.

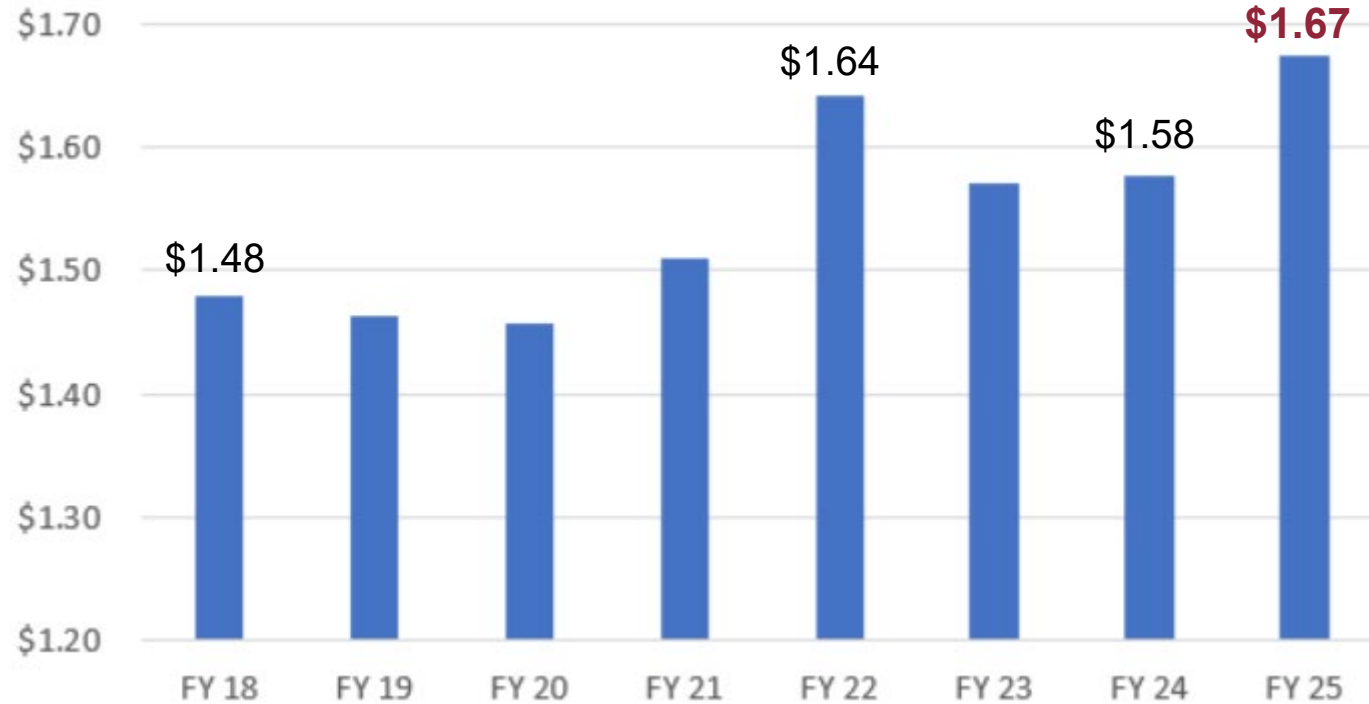
[https://www.whitehouse.gov/cea/written-materials/2024/08/14/july-2024-cpi-report/#:~:text=The%20Consumer%20Price%20Index%20increased,below%20expectations%20of%203%25\).](https://www.whitehouse.gov/cea/written-materials/2024/08/14/july-2024-cpi-report/#:~:text=The%20Consumer%20Price%20Index%20increased,below%20expectations%20of%203%25).)

CPI – U, 12 months through July 2024 by Area	
Northeast	<b>3.6%</b>
New England Division	<b>3.5%</b>
Middle Atlantic Division	<b>3.7%</b>

## RCPS Homestead Tax Rate FY 2018 to 2025



## RCPS Homestead Tax Rate FY 2018 to 2025



*Annual Funding  
from Vermont (\$M):  
(excluding federal grants)*

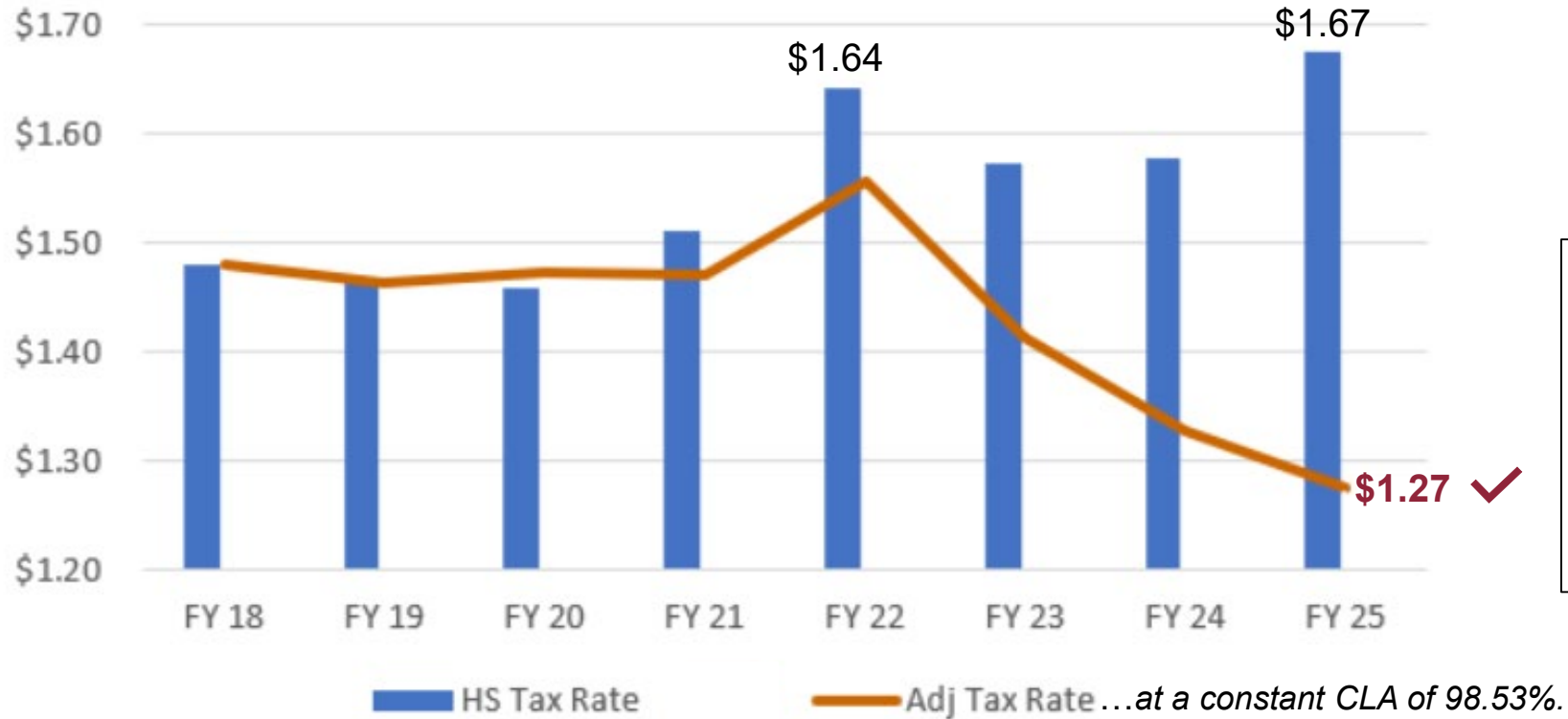
\$31.7	\$31.6	\$32.2	\$32.2	\$34.3	\$36.7	\$38.7	\$41.9
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*Memo:*

\$42 M State Ed Fund  
+ \$22 M Federal grants  
= \$64 M Total Expend.

Costs funded by the State  
drive the Homestead  
Property Tax rate.

## RCPS Homestead Tax Rate FY 2018 to 2025



If Rutland City's CLA had remained unchanged at 98.35% since FY 18, the Homestead tax rate for FY 25 would be **\$1.27** or 40 cents below the actual \$1.67 for FY 25.

<u>Annual CLA:</u>	<b>98.53%</b>	98.42%	99.42%	95.89%	93.39%	88.65%	82.89%	<b>74.90%</b>
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## Annual Budgeting Principles


- 1 Maintain excellence in educational programming consistent with Strategic Plan deliverables.
- 2 Maintain a cost structure that is respectful of taxpayers and is sustainable in current and future years.
- 3 Offer competitive compensation that retains and motivates current employees and which attracts the best available recruits.
- 4 Selectively apply technology to enhance classroom education, increase staff productivity, and thereby control costs.
- 5 Selectively upgrade facilities and equipment to ensure a safe and healthy learning environment for all, with timely maintenance to minimize “total life cycle costs.”

## Average Cost per Student (LTW ADM) in FY 25 is ...

 **A** \$13,294?

 **B** \$12,801?

 **C** \$12,408?

 **D** \$34,959?

 **E** \$11,295?



## Preliminary Estimates of Cost Decreases FY 26 versus FY 25

- \$450,000      Absence of turf replacement.
- \$200,000      Experience mix of staff (*after retirements, new hires*).
- \$ 5,000      Lower premium cost for employee life insurance.
- \$ 10,000      Lower copier lease costs.
- \$715,000      Current estimate

Note: Estimates except for turf replacement will change in September and October.

## Preliminary Estimates Cost of Increases FY 26 versus FY 25

+ \$ 425,000	Contracted salary increases.
+ \$ 600,000	Teacher salary increases at current inflation rate.
+ \$ 400,000	Special education <i>(due to lower Census Block Grant)</i> .*
<u>+ \$1,000,000</u>	<u>Medical plan premiums.</u>
<b>+ \$2,425,000</b>	<b>Subtotal.</b>

\* Actually a revenue decrease in State grants, which then increases local net costs.

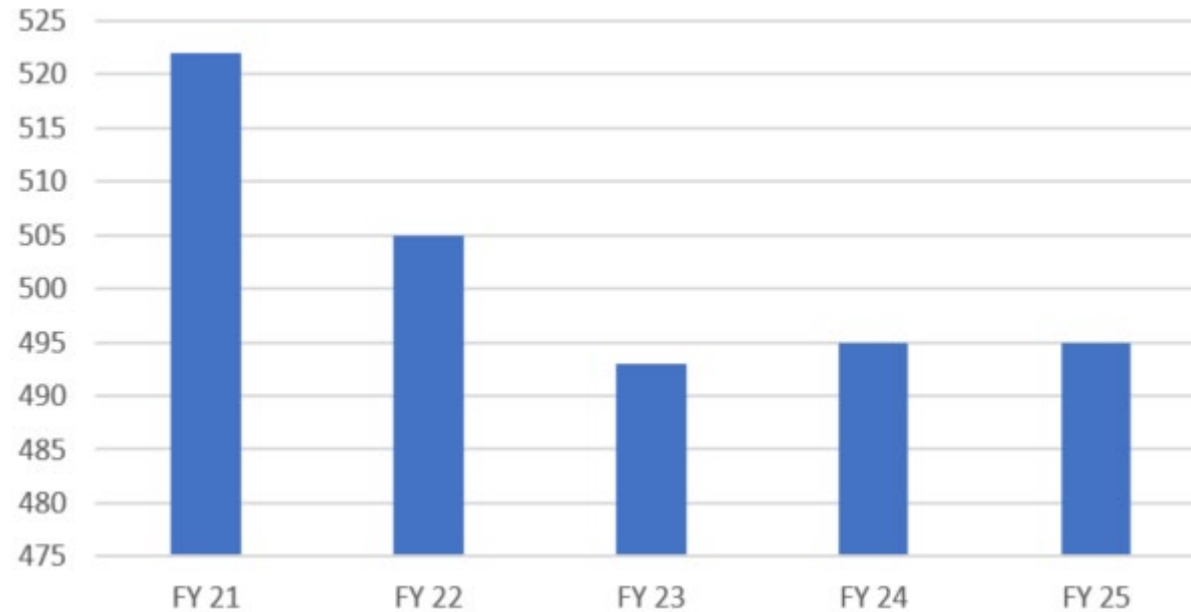
## Preliminary Net Changes in FY 26 versus FY 25

- \$ 715,000	<i>Decreases.</i>
<u>+ \$2,425,000</u>	<u><i>Increases.</i></u>
<b>+ \$1,710,000</b>	Net change subtotal and <b>2.7%</b> of FY 25 Budget.

<u>- \$ X</u>	<i>Other cost savings, efficiencies, and deferrals to be identified and recommended during September and October.</i>
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\$ X	Net budget change FY 26 versus FY 25
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## Total Full Time Positions FY 2021 – FY 2025



- Employee compensation represents almost 80% of total expenses.
- RCPS reduced full time positions from FY 21 to FY 23 budgets.

School District  
Stakeholders include:

- Students
- Teachers and education support professionals
- Other employees
- City residents and taxpayers (\$)
- Vermont Agency of Education and State Legislators (\$)
- U.S. Department of Education (\$)

## Budget Timeline

(Includes 4 reviews by F&SPC \*)

September	Begin developing expense and revenue budgets and key assumptions.
<u>October 1</u> *	<u>Finance Committee review</u> of assumptions for staffing, inflation, and other key input parameters.
October 17	Preliminary Expense budgets and staffing assumptions due to Business Office.
October 31	Preliminary Grant revenues due from grant stewards to Business Office.
<u>November 5</u> *	<u>Finance Committee review</u> of preliminary outlook and alternate scenarios.
November 12	School Board review of Stafford Technical Center FY 2025 Budget proposal.

## Budget Timeline

(Includes 4 reviews by F&SPC \*)

November 30	Freeze budget changes pending December budget reviews.
<u>December 3</u> *	<u>Finance Committee review</u> of budget proposal.
December 10	School Board reviews and comments upon budget proposal.
December 17	Courtesy review for City Board of Aldermen and Alderwomen.
<u>January 7</u> *	Last <u>Finance Committee review</u> of budget proposal.
January 14	School Board vote on whether to approve budget proposal.

## Wrap Up

Questions?

Comments?

*Thank you for your time and consideration.*