


MEMORANDUM

TO: Town Council

FROM: David E. Cox, Town Manager 

DATE: May 9, 2023

SUBJECT: Budget Questions - Additional Information

The following questions were received after the material was prepared for the agenda packet. Some of these questions were answered to the person who asked the question but all are being consolidated so that all Council members may benefit from the information.

TOWN OPERATIONS QUESTIONS

Q Can the proposed tennis courts be constructed by Public Works at a lower cost?

A While our Public Works Department is quite skilled and perfectly capable of building a road, based on discussion with the Public Works Director and investigation into the construction of tennis courts, we do not believe Town crews could construct a tennis court more efficiently than a contractor with experience in that work. For example, the intended tolerances for level and flat for a tennis court are far tighter than those for a roadway and other surfaces Town staff construct. Additionally, Town staff does not have experience with the surface coating that is normally applied as the finish coat for a tennis court. Further, if Town crews are diverted to a project to construct tennis courts or other similar facilities, there will be an opportunity cost. Demolition and construction of a new facility is estimated to take several weeks if undertaken by Public Works crews. During this time, most other infrastructure related projects that are performed by Town crews would have to be postponed to accommodate the work. However, if that is the Council's desire, staff would review the anticipated work and present the Council with expected costs for in-house construction and how the summer construction schedule would be adjusted.

Q How many staffing positions for the schools are funded by grants and how many new staff positions were added with grants last year? Overall, what is the change in staff from last year to this year?

A Two attachments are provided including one page from the original budget book. It was noted that within non-certified staffing, only Paraeducators and Interventionists had staffing additions during the prior school year and then in the summer for the current school year, plus the three mid-year-approved Armed Security Officers (ASOs). In each of the above-mentioned groups, a total of four staff were added in education-related operating general fund, but all due to specific students' Individualized Educational Plan requirements. It is noted that new hires to these groups are eligible for individual health insurance (without a full-cost buy-up). The full year compensation (including Extended School Year mandatory for interventionists) averages \$33,500 for an entry Interventionist and approximately \$27,800 for an entry Para-educator.

Q What is the total cost of education-related expenses in Town including not only the General Fund, but also including the other funds and grants that include operational expenses?

A Attached are several pages from the FY 2022 Annual Comprehensive Financial Report (sometimes referred to as the “audit”) that help answer that question. From an accounting perspective, as shown in Exhibit D from the audit, education in East Hampton cost \$43,063,497, which includes all funds and accrued expenses. Of note, this includes a payment made by the State of Connecticut directly to the Teachers Retirement System on behalf of East Hampton teachers. While this payment (\$4,540,809), identified on the second page of the attachment or page 62 of the audit, does not pass through the Town, it must be recognized in our records. Other expenses include those made through the Cafeteria Fund, through specific education related grants (as opposed to the general grant shown as revenue in the Town budget) and through school activity fees. The last page of the attachment is the reconciled details of the FY 2022 General Fund education-related expenses of the Town budget.

Attachments

Cc: Jeff Jylkka, Finance Director
 Paul Smith, Superintendent
 Karen Asetta, Business Manager

Additional Question forwarded by Town Manager David Cox for Town Council's Budget Review

Answers from East Hampton Board of Education

May 4, 2023

Question: How many staffing positions for the schools are funded by grants and how many new staff positions were added with grants last year?

Certified Teachers Funded by Grants or Program Revenue:

Staffing Grant or Program Supported by Billed Revenue	CERTIFIED	2022-23	2023-24
Individuals with Disabilities Act (IDEA) Federal Grant		2.94	2.94
ARP ESSER – Math Specialists discussed in prior questions Federal Grant		2	1
Smart Start Preschool – State of Connecticut Grant		.8	.75
American Rescue Plan (ARP IDEA Grant) Certified Psychologist		1	1
Learning Center Program Revenue		1	1
STARS Program Revenue		1	1

NOTE: The only new position added with grant funding in the current (2022-23) budget year was the Certified Psychologist. If new funding was not found for this position, elimination was planned June 30, 2023.

Non-certified Positions Funded by Grants or Program Revenue: No new positions in 2022-23

Staffing Grant or Program Supported by Billed Revenue	2022-23	2023-24
NON-CERTIFIED		
Individuals with Disabilities Act (IDEA) Federal Grant (2 parts)	3.1	3.1
Title One Federal Grant (2 additional were covered one-time only in 2021-22)	2.5	2.5
Learning Center Program Revenue	1	1
STARS Program Revenue	7	7
Cafeteria Program Revenue	11.5	11.5



Certified Staffing

Full-time Equivalent (FTE) Historical Overview

Grant and Operating Funds

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Grant dates
Elementary (Memorial and Center)	72.5	71.5	73.4	75.4	75.9	75.6	
Secondary (Middle and High)	86.1	84.3	87.4	88.4	88.9	88.8	
Learning Center	2	2	2	2	2	2	
Total	160.6	157.8	162.8	165.8	166.8	166.4	
Individuals with Disabilities Act (IDEA) Federal	2.94	2.94	2.94	2.94	2.94	2.94	Rolling 2 year cycles, significant federal program. Funding originated in 1977
Elementary and Secondary School Emergency Relief (ESSER) Federal – MATH Specialists				2	2	1	Grants are secured to cover salaries through 2023-24, transfer to support 2022-23 operations reduced funding support of specialists
Smart Start State - Preschool	.82	.82	.8	.8	.8	.75	Grant secured through 2023-24
American Rescue Plan (ARP) IDEA Federal - Psychologist					1	1	Grant covers salary through 2022-23 Competitive application for 2023-24 successful!
Learning Center program revenue	1	1	1	1	1	1	Program sharing ongoing with East Haddam
STARS program revenue			1	1	1	1	Revenue dependent on placed student IEPs
Operating Budget - funding	155.84	153.04	157.06	158.06	158.06	158.71	

Additional grant details provided further in this document

Classified Salaries – Analysis of Year over Year change

	2022	2023 Projected	2023 budget	2024 budget	Change 2024 budget to 2023	Explanation
Interventionists	861,227	1,082,803	925,223	1,297,328	372,105	Program growth July 2022 and later, IEP directly related
Special ed paras	1,020,825	1,160,172	1,113,727	1,210,812	97,085	Program growth July 2022 and later, IEP directly related
Substitutes	413,606	544,413	350,212	445,934	95,722	Coverage required for educational program to operate
Instructional support	260,480	324,837	247,527	338,136	90,609	Reduction in Title One funding after July 2022
Custodial/maint	1,004,330	980,711	964,500	1,013,177	48,677	Reflects true wage growth, step plus GWI, no staffing increases
Technology	367,727	393,304	372,769	413,281	40,512	Increased part-time staffing to support student devices
Security	36,160	108,247	122,919	138,933	16,014	Revised 2023 budget includes new positions
Central support	495,865	493,917	503,435	514,908	11,473	No staffing changes
All other	139,404	125,773	141,690	147,349	5,659	No staffing changes
Building admin assist	339,936	340,697	353,003	355,177	2,174	No staffing changes
Health	300,375	300,126	319,860	308,765	-11,095	2023 budget slightly too high
TOTALS	5,239,935	5,855,000	5,414,865	6,109,800	694,935	

Notes and definitions on staff roles: *Interventionists* are behavior technicians performing under close, ongoing supervision of a Board Certified Behavior Analyst (BCBA) and Special Education Teachers to provide intensive, scientifically-validated, academic support to children with autism and related disabilities. *Special education paraprofessionals* work under the direction of classroom teachers to provide individualized and small group instructional support within classroom settings. These services are essential in maintaining the least restrictive environment for students with special needs. *Interventionists and paraprofessionals are assigned to special education students through the Planning and Placement Team (PPT) as determined by Individualized Educational Plans (IEP).*

Town of East Hampton, Connecticut

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended June 30, 2022

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 42,028,710	\$ -	\$ -	\$ -	\$ 42,028,710
Intergovernmental	12,207,397	-	94,279	3,217,859	15,519,535
Charges for services	1,041,881	-	8,233	5,313,522	6,363,636
Income from investments	13,795	284	1,114	3,021	18,214
Contributions and donations	-	-	-	34,559	34,559
Other	1,440	-	-	-	1,440
Total revenues	55,293,223	284	103,626	8,568,961	63,966,094
Expenditures:					
Current:					
General government	4,537,583	32,437	139,184	15,285	4,724,489
Public safety	2,943,569	61,275	780,662	225,984	4,011,490
Public works and utilities	2,240,138	-	562,675	2,883,886	5,686,699
Culture and recreation	1,089,601	-	267,501	438,436	1,795,538
Health and human services	489,044	-	-	180,280	669,324
Regulatory	413,913	-	-	-	413,913
Education	37,729,651	805,822	543,999	3,984,025	43,063,497
Debt service	3,627,183	739,273	-	15,146	4,381,602
Total expenditures	53,070,682	1,638,807	2,294,021	7,743,042	64,746,552
Excess (deficiency) of revenues over expenditures	2,222,541	(1,638,523)	(2,190,395)	825,919	(780,458)
Other financing sources (uses):					
Leases	-	-	20,156	-	20,156
Issuance of notes	-	-	636,743	-	636,743
Sale of capital assets	18,127	-	-	-	18,127
Transfers in	-	-	812,725	42,500	855,225
Transfers out	(855,225)	-	-	-	(855,225)
Net other financing sources (uses)	(837,098)	-	1,469,624	42,500	675,026
Net change in fund balances	1,385,443	(1,638,523)	(720,771)	868,419	(105,432)
Fund balances - July 1, 2021	5,747,711	1,069,312	3,637,796	5,212,126	15,666,945
Fund balances - June 30, 2022	\$ 7,133,154	\$ (569,211)	\$ 2,917,025	\$ 6,080,545	\$ 15,561,513

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2022**B. Connecticut state teachers' retirement system (continued)****3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (school districts)

School district employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 7.00% of their annual salary.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>54,229,054</u>
Total	<u>\$ 54,229,054</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town has no proportionate share of the net pension liability.

During the year, the Town recognized pension expense and revenue of \$4,540,809 for on-behalf amounts for contributions to the plan by the State.

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2022

Special Revenue Funds

	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	School Activity	Public Works
Revenues:							
Intergovernmental	\$ -	\$ 17,403	\$ 102,182	\$ 1,182,413	\$ 1,717,670	\$ -	\$ -
Charges for services	179,281	209,115	409,873	20,308	502,777	505,111	-
Income from investments	110	62	23	12	10	281	83
Contributions and donations	-	1,025	12,633	-	9	-	8,282
Total revenues	<u>179,391</u>	<u>227,605</u>	<u>524,711</u>	<u>1,202,733</u>	<u>2,220,466</u>	<u>505,392</u>	<u>8,365</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	225,984	-	-	-	-	-
Public works and utilities	130,640	-	-	-	-	-	-
Culture and recreation	-	-	438,436	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Education	-	-	-	1,035,367	2,404,720	524,938	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>130,640</u>	<u>225,984</u>	<u>438,436</u>	<u>1,035,367</u>	<u>2,404,720</u>	<u>524,938</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>48,751</u>	<u>1,621</u>	<u>86,275</u>	<u>167,366</u>	<u>(184,254)</u>	<u>(19,546)</u>	<u>8,365</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(146,000)	-	-	-	-	-	-
Net other financing sources (uses)	<u>(146,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(97,249)	1,621	86,275	167,366	(184,254)	(19,546)	8,365
Fund balances - July 1, 2021	<u>257,905</u>	<u>84,607</u>	<u>99,872</u>	<u>163,136</u>	<u>300,214</u>	<u>462,647</u>	<u>100,734</u>
Fund balances - June 30, 2022	<u>\$ 160,656</u>	<u>\$ 86,228</u>	<u>\$ 186,147</u>	<u>\$ 330,502</u>	<u>\$ 115,960</u>	<u>\$ 443,101</u>	<u>\$ 109,099</u>

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2022

	Special Revenue Funds				Total Special Revenue Funds	Debt Service Fund
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating		Debt Service
Revenues:						
Intergovernmental	\$ 1,735	\$ 148,856	\$ -	\$ -	\$ 3,170,259	\$ -
Charges for services	-	28,557	1,305,546	2,023,839	5,184,407	-
Income from investments	6	27	86	127	827	185
Contributions and donations	-	12,610	-	-	34,559	-
Total revenues	1,741	190,050	1,305,632	2,023,966	8,390,052	185
Expenditures:						
Current:						
General government	1,735	13,550	-	-	15,285	-
Public safety	-	-	-	-	225,984	-
Public works and utilities	-	-	863,347	1,740,482	2,734,469	-
Culture and recreation	-	-	-	-	438,436	-
Health and human services	-	180,280	-	-	180,280	-
Education	-	-	-	-	3,965,025	19,000
Debt service	-	-	15,146	-	15,146	-
Total expenditures	1,735	193,830	878,493	1,740,482	7,574,625	19,000
Excess (deficiency) of revenues over expenditures	6	(3,780)	427,139	283,484	815,427	(18,815)
Other financing sources (uses):						
Transfers in:	-	-	-	-	-	42,500
Transfers out	-	-	(487,036)	(92,823)	(725,859)	-
Net other financing sources (uses)	-	-	(487,036)	(92,823)	(725,859)	42,500
Net change in fund balances	6	(3,780)	(59,897)	190,661	89,568	23,685
Fund balances - July 1, 2021	215,435	73,871	411,339	400,351	2,570,111	122,597
Fund balances - June 30, 2022	\$ 215,441	\$ 70,091	\$ 351,442	\$ 591,012	\$ 2,659,679	\$ 146,282

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Town of East Hampton, Connecticut

Other Governmental Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2022

	Capital Projects Funds					Permanent Fund	Interfund Eliminations	Total Other Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ 47,600	\$ 47,600	\$ -	\$ -	\$ 3,217,859
Charges for services	129,115	-	-	-	129,115	-	-	5,313,522
Income from investments	584	658	767	-	2,009	-	-	3,021
Contributions and donations	-	-	-	-	-	-	-	34,559
Total revenues	129,699	658	767	47,600	178,724	-	-	8,568,961
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	15,285
Public safety	-	-	-	-	-	-	-	225,984
Public works and utilities	22,110	36,068	43,639	47,600	149,417	-	-	2,883,886
Culture and recreation	-	-	-	-	-	-	-	438,436
Health and human services	-	-	-	-	-	-	-	180,280
Education	-	-	-	-	-	-	-	3,984,025
Debt service	-	-	-	-	-	-	-	15,146
Total expenditures	22,110	36,068	43,639	47,600	149,417	-	-	7,743,042
Excess (deficiency) of revenues over expenditures	107,589	(35,410)	(42,872)	-	29,307	-	-	825,919
Other financing sources (uses):								
Transfers in	-	92,823	487,036	146,000	725,859	-	(725,859)	42,500
Transfers out	-	-	-	-	-	-	725,859	-
Net other financing sources (uses)	-	92,823	487,036	146,000	725,859	-	-	42,500
Net change in fund balances	107,589	57,413	444,164	146,000	755,166	-	-	868,419
Fund balances - July 1, 2021	478,372	1,019,413	949,726	54,725	2,502,236	17,182	-	5,212,126
Fund balances - June 30, 2022	\$ 585,961	\$ 1,076,826	\$ 1,393,890	\$ 200,725	\$ 3,257,402	\$ 17,182	\$ -	\$ 6,080,545

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Town of East Hampton, Connecticut

General Fund
Board of Education
Schedule of Expenditures Compared with Appropriations
For the Year Ended June 30, 2022

	Original Appropriation	Additional Appropriations and Transfers	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 16,887,100	\$ -	\$ 16,887,100	\$ 16,697,712	\$ 189,388
Classified salaries	4,989,031	-	4,989,031	5,239,936	(250,905)
Employee benefits:					
Medical and dental	4,718,000	-	4,718,000	4,461,004	256,996
Unemployment compensation	10,000	-	10,000	3,169	6,831
Social security	321,014	-	321,014	339,745	(18,731)
Medicare	303,984	-	303,984	303,582	402
Pension	508,916	-	508,916	487,875	21,041
DC plan contribution	140,800	-	140,800	132,557	8,243
Workers' compensation	139,047	-	139,047	135,965	3,082
Life insurance	45,848	-	45,848	52,871	(7,023)
Other	2,000	-	2,000	(1,926)	3,926
Tuition	663,760	-	663,760	665,365	(1,605)
Pupil transportation	1,542,000	-	1,542,000	1,465,504	76,496
Other transportation	37,800	-	37,800	1,887	35,913
Computer consulting services	227,303	-	227,303	252,004	(24,701)
Meetings and conferences	35,000	-	35,000	14,256	20,744
Professional/technical services	700,000	-	700,000	786,970	(86,970)
Public utilities	63,628	-	63,628	63,506	122
Building, equipment maintenance and repairs	205,950	-	205,950	330,434	(124,484)
Heating, ventilation maintenance and repairs	24,700	-	24,700	25,552	(852)
Security system maintenance and repairs	29,500	-	29,500	52,399	(22,899)
Vehicle maintenance and repairs	2,600	-	2,600	4,539	(1,939)
Supplies, materials and minor equipment	307,880	-	307,880	416,741	(108,861)
Fire protection	5,000	-	5,000	-	5,000
Refuse removal	30,250	-	30,250	37,676	(7,426)
Pest control	9,000	-	9,000	7,405	1,595
Equipment rental	108,000	-	108,000	99,613	8,387
Property and liability insurance	121,009	-	121,009	122,146	(1,137)
Staff travel	8,000	-	8,000	3,738	4,262
Communications	57,800	-	57,800	73,064	(15,264)
Newspaper advertising	650	-	650	1,479	(829)
Printing and binding	12,550	-	12,550	10,088	2,462
Other purchased services	39,500	-	39,500	28,551	10,949
Natural gas	176,000	-	176,000	173,457	2,543
Motor fuel	107,000	-	107,000	90,762	16,238
Electricity	388,000	-	388,000	321,113	66,887
Textbooks	81,500	-	81,500	71,837	9,663
Library books/periodicals	19,425	-	19,425	13,960	5,465
Other supplies and materials	38,850	-	38,850	33,905	4,945
Dues and fees	46,000	-	46,000	48,393	(2,393)
Technology software	-	-	-	759	(759)
Equipment	5,000	-	5,000	12,395	(7,395)
Special items	(74,000)	-	(74,000)	-	(74,000)
Total expenditures - Schedule 2	\$ 33,085,395	\$ -	\$ 33,085,395	\$ 33,081,988	\$ 3,407