

Budget Drivers Narrative 2023-2024

The proposed fiscal year 2023-2024 budget displays salaries & benefits, utilities and transportation as the major drivers influencing the \$2,388,204.95 or 3.71% increase from the prior fiscal year. In general, salaries and benefits comprise 80% of the District's annual operating budget. Transportation and tuition account for 11% of the total budget, followed by supplies & equipment, contracted services, utilities and all other line item expenditures.

The Avon Board of Education and the Town of Avon have seen annual health insurance increases ranging between 3% and 11% over the last five years. The Town and Board renewed our insurance broker contract with Lockton in FY21-22, who following an intensive review and audit of the health insurance data, including analyzing the current claims activity between September 2021 and October 2022, has recommended Board to increase health insurance premiums 12.7% (premium rates) for the upcoming year, this is higher than our initial 5-year plan projected increase of 11.3%. The 2023-24 budget is \$ 7,284,122.55 which is an increase of \$740,443.02.

The Town of Avon investment retirement accounts are overseen by the Ad Hoc Pension Investment Advisory Committee. The July 1, 2021 valuation provides a funded ratio for the Board of Education Town of Avon Pension Plan of 92.3%. Milliman, the Town of Avon's consulting actuarial firm, had projected the funded ratio to grow as of July 1, 2022 to 91.9%, should the Board remain diligent in funding its pension obligation annually. The plan outperformed expectations and projections remain conservative. The 2023-2022 budget includes \$676,227 a decrease of \$94,912 over the prior year, for the Board's actuarially determined pension contribution.

The Board has also been attentive to funding its OPEB (Other Post Retirement Benefits) obligations according to the actuarially determined amount beginning in fiscal year 2017-2018. The fund has performed very well resulting in a reduction in the liability for FY2021-22 and FY2022-23. We are still awaiting final OPEB calculations. At this time, the 2023-2024 budget continues to fund this responsibility in full totaling \$743,750, resulting in no change from the 2022-2023 budget. The estimated funded ratio as of July 1, 2020 is 31% based on the updated bi-annual mortality tables and lower interest rate.

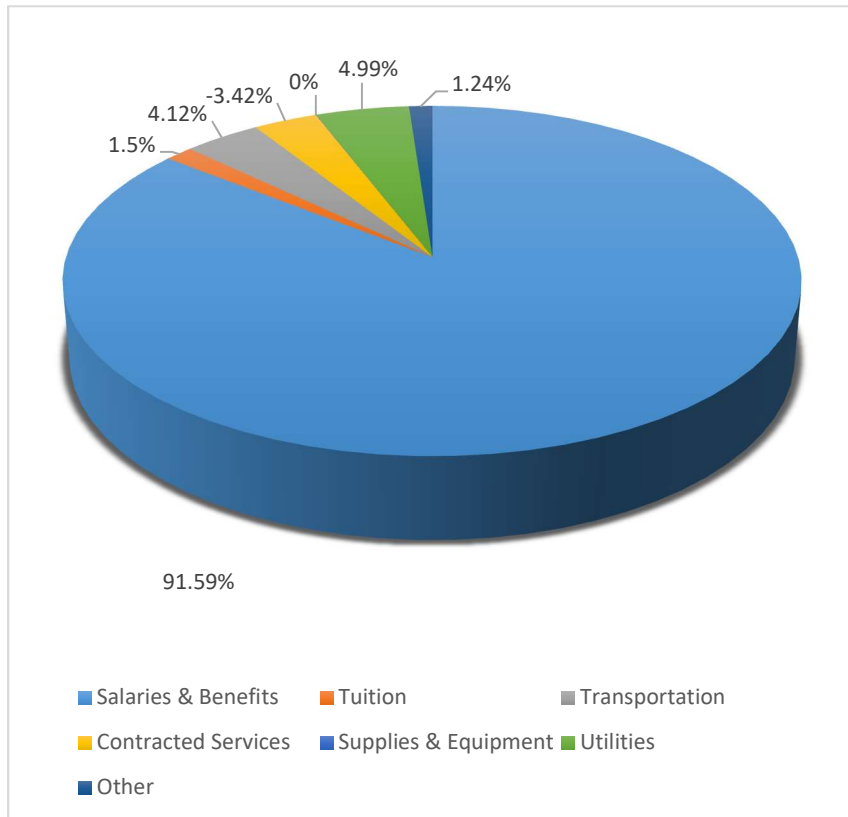
Tuition for our students with Individualized Education Plans (IEPs) continues to be a major driver for FY2023-2024 representing 5.85% of the total budget. The district has continued to see increased student emotional, social and educational needs due to the effects of the COVID-19 pandemic. The number of students requiring services has increased as well as the cost of the private/residential facilities. FY2023-2024 tuition has increased \$35,909 to \$3,905,337 or 0.06%.

Utilities, including gas, water/sewer, disposal, electric, and fuel have increased significantly over the past year as global inflation has risen. The Town and District renewed our electrical supplier contract for 30 months and have also renewed with our disposal service carrier to stabilize costs. The budget for FY2023-2024 utilities is increasing \$119,067 or 8.41%.

Supplies and Equipment continues to be a driver over the overall budget at comprising 3.15%. Although the 2023-2024 budget shows a decrease of (\$483) or (0.02%) districtwide. This decrease includes a reduction of (\$74,744) in Chromebook leases and (\$72,576) in Textbooks offset by a \$40,269 increase in Software, \$23,723 in equipment including shot clocks, Chromebooks and instruments. Instructional and general supplies (workbooks, graph paper, pens, pencils, etc.) increased \$24,900 due to inflation. These requests support the district's 1:1 environment for our students and staff as well as meeting our curricular goals.

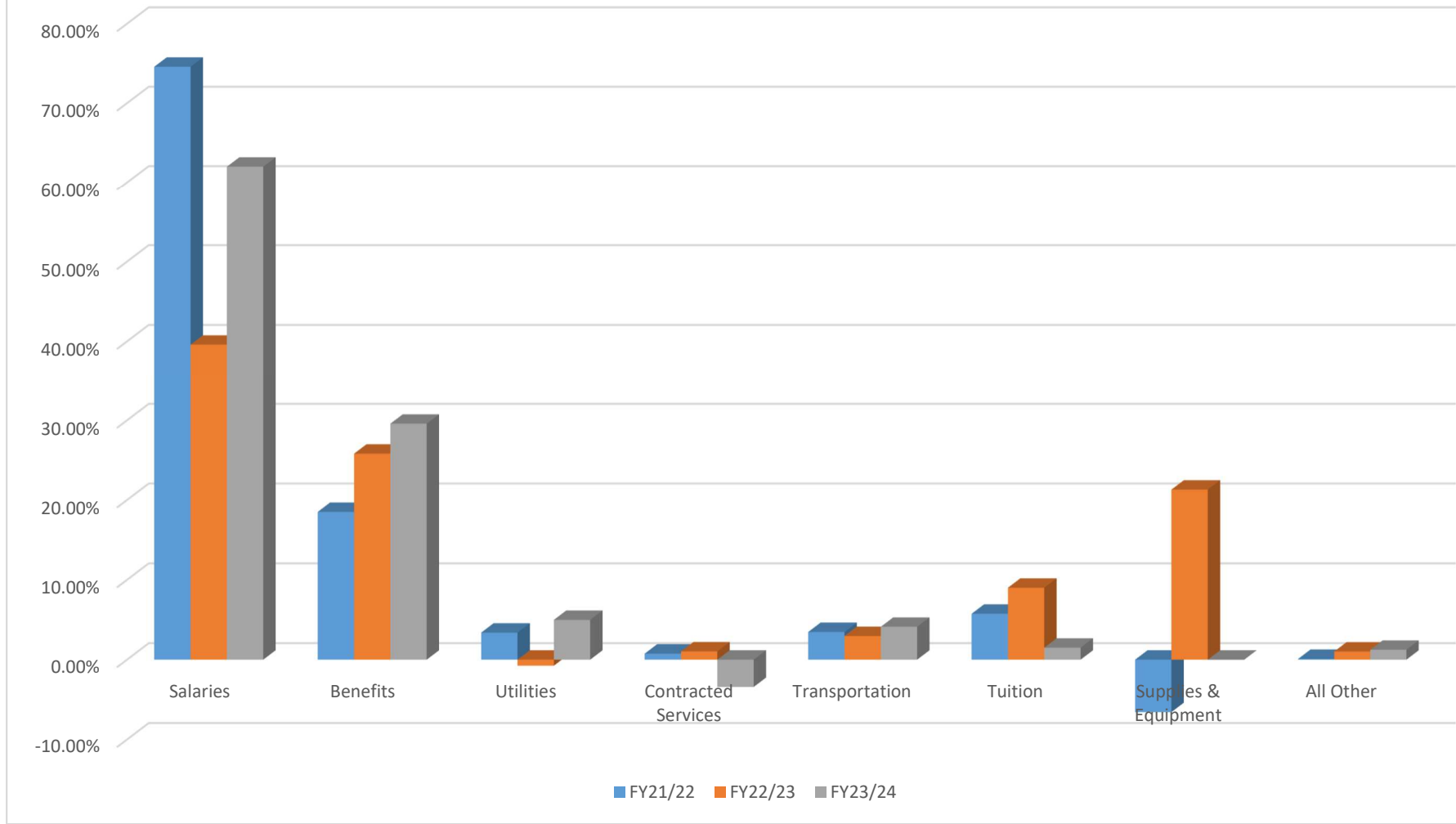
Transportation costs for our in-district Avon routes has remained relatively stable due to the negotiated fixed annual increase of 1.774% through 2024. We saw a reduction in our private school transportation due to CREC's Avon magnet school relocating to Bloomfield. Transportation needs on specialized vehicles continues to rise. The IRS mileage reimbursement rate has increased multiple times in the last 24 months due to inflation resulting in an increase in parent and staff reimbursement costs. The 2023-2024 budget increase is \$98,407 or 2.94%.

**Percentage of Proposed Budget Drivers by Category
Fiscal Year 2023/2024**



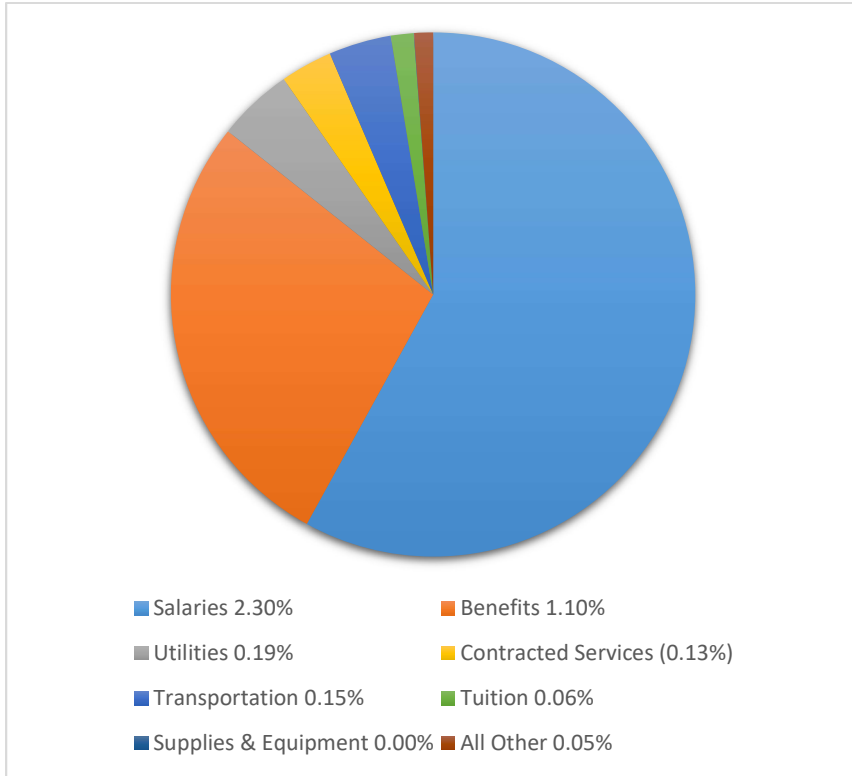
Category	FY 23/24 Budget Increases	Percentage of total Budget increase
Salaries & Benefits	2,187,305	91.59%
Tuition	35,909	1.50%
Transportation	98,407	4.12%
Contracted Services	(81,722)	(3.42%)
Supplies & Equipment	(483)	(0.02%)
Utilities	119,067	4.99%
All Other	29,722	1.24%
Total Gross Budget	2,388,205	100.00%

Budget Drivers FY21/22 through 23/24



	Salaries	Benefits	Utilities	Contracted Services	Transportation	Tuition	Supplies & Equipment	All Other
FY21/22	39.59%	25.81%	-0.76%	1.04%	2.97%	9.02%	21.31%	1.02%
FY22/23	86.59%	-27.62%	7.93%	2.11%	3.09%	15.29%	11.09%	1.52%
FY23/24	62.01%	29.58%	4.99%	-3.42%	4.12%	1.50%	-0.02%	1.24%

Percentage of Proposed Budget Increases by Category Fiscal Year 2023/2024



Category	FY 23/24 Budget Increases	Percentage of total Budget increase
Salaries	1,480,873	2.30%
Benefits	706,432	1.10%
Tuition	35,909	0.05%
Transportation	98,407	0.15%
Contracted Services	(81,722)	(0.13%)
Supplies & Equipment	(483)	(0.00%)
Utilities	119,067	0.19%
All Other	29,722	0.05%
Total Gross Budget	2,388,205	3.71%