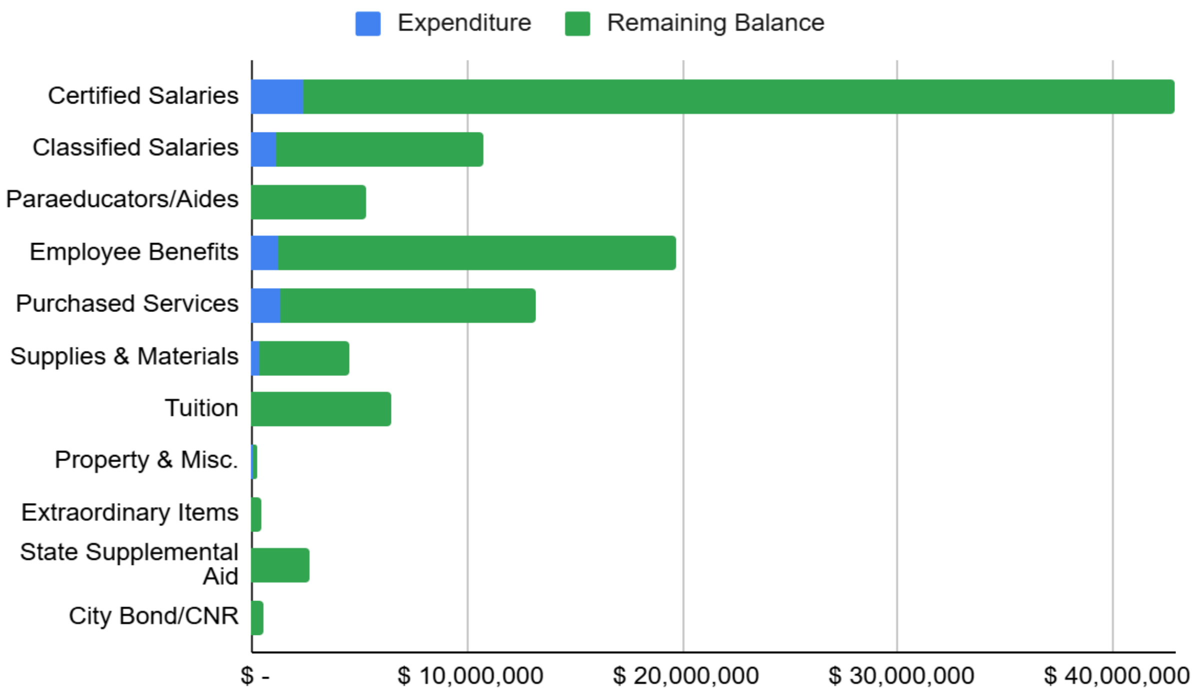
MEMORANDUM

TO: Budget Committee, Middletown Board of Education
Dr. Macary, Superintendent of Schools
FROM: Natalie Forbes, Executive Director of Finance
RE: Finance Report
DATE: September 3, 2026

Financial Statement: July 1, 2026- September 1, 2026



	Appropriation	Expenditure	Remaining Balance	Expenditure %
Certified Salaries	$ 42,881,795	$ 2,422,352	$ 40,459,443	5.6%
Classified Salaries	$ 10,785,420	$ 1,169,939	$ 9,615,481	10.8%
Paraeducators/Aides	$ 5,284,535	$ 342	$ 5,284,193	0.0%
Employee Benefits	$ 19,696,017	$ 1,197,190	$ 18,498,827	6.1%
Purchased Services	$ 13,212,164	$ 1,304,812	$ 11,907,352	9.9%
Supplies & Materials	$ 4,516,897	$ 348,320	$ 4,168,577	7.7%
Tuition	$ 6,486,020	$ -	$ 6,486,020	0.0%
Property & Misc.	$ 236,249	$ 40,339	$ 195,910	17.1%
Extraordinary Items	$ 500,000	$ -	$ 500,000	0.0%
State Supplemental Aid	$ 2,656,038	$ -	$ 2,656,038	0.0%
City Bond/CNR	$ 505,000	$ 15,250	$ 489,750	3.0%
Total	**$ 106,760,135**	**$ 6,498,543**	**$ 100,261,592**	**6.1%**

OVERVIEW: The September Financial Statement covers the period July 1, 2026 through September 1, 2026. To date, 6.1% of the total budget of $106,760,135 has been spent. Salary encumbrances and purchase orders are still being established, and hiring activity continues.

SALARIES: As new hires are finalized, entered into the AUC system, and encumbered, we will continue to develop a more accurate understanding of total projected salary expenditures. At this time, we are comfortable with the amount budgeted for salaries.

BENEFITS: The workers' compensation cost is $74,915.21 higher than anticipated. The process for projecting workers' compensation costs begins in the fall, with the premium based on salaries and claims experience. However, the modification rate is not established by the provider until the spring, and final premium costs are not received until May or June. As a result, cost variances are often identified after the district's budget has been approved. The remaining benefit lines appear to be appropriately funded.

PURCHASED SERVICES: Special education transportation for outplaced students is currently projected to result in a deficit, based on the transportation contracts and purchase orders established to date and current expenditures. As additional transportation needs and costs are finalized, we will have a clearer understanding of the projected year-end balance.

TUITION: The Special Education department is working with the Finance Office to finalize contracts and purchase orders for out-of-district students. We expect to have a much clearer picture of the total projected cost in the coming months. At this time, we are comfortable with the appropriations.

SUPPLIES, PROPERTY & MISCELLANEOUS: Supply purchase orders continue to be established. We are anticipating a possible surplus in the Fuel Oil line and a possible deficit in the Natural Gas line. These variances are expected to offset each other, and a budget transfer between the two lines will be processed to align the appropriations with anticipated expenditures.

Transfers

There are five transfers totaling $30,101.92 for September.

1. <u>Journal Entry #40110: Security</u>
   Request to transfer funds in the amount of **$9,704.15** from the Security Monitoring line to the Security Purchased Services line.
2. <u>Journal Entry #40130 Security</u>
   Request to transfer funds in the amount of **$8,000** from the Security Repairs & Maintenance, Administrative, and Purchased Services lines for a combined total of **$17,704.15** to cover the cost of 1,000 new district Emergency Action guides.
3. <u>Journal Entry #40111: Performing Arts</u>
   Request to transfer funds in the amount of **$3,724.77** from the Performing Arts Purchased Services line to the Performing Arts Instruction supply line for string

instructional items at Beman Middle School.

4. Journal Entry #40137: Performing Arts
   Line 51901 was erroneously budgeted for **$89.00** as part of the 2026-27 Budget. Historically, this line partially funded a Performing Arts program that is now grant-funded. Request to transfer the funds to the Bielefeld Certified Teacher line.

5. Journal Entry #40135: Student Transportation
   Request to transfer unused summer transport funds in the amount of **$8,584** to the Special Education Pupil Transport line to cover the underfunded line projection.

Unexpended Balance 2024-25

The unexpended balance from the 2024–25 fiscal year totaled $485,035.93. Per Connecticut State Statute, the balance was placed in a Non-Lapsing Reserve Account approved by the BOE.

During the 2025-26 school year, the Board-approved expenditures from these funds totaled $389,244.32, leaving a balance of $95,791.61. Of this remaining balance, the Board previously approved $80,000 for the removal of oil tanks at Farm Hill Elementary School and Spencer Elementary School. This work has not yet occurred, so the funds remain reserved for that purpose.

The Board is now asked to approve an expenditure of $15,791.61, representing 88% of the total cost of a replacement vehicle for the District Plumber. The existing vehicle was no longer roadworthy and required replacement. The remaining 12% of the vehicle cost, totaling $2,090.39, will be charged to the Facilities New Equipment line.

This action will result in the full expenditure of the remaining funds.

The unexpended balance for the 2025-26 year has not yet been established. The BOE must first balance its accounts with the City. This is normally completed by the end of September. Subsequently, the City will set up the annual audit of accounts with its auditors CliftonLarsonAllen (CLA).