The Budget strategy proposed seeks BOE cooperation to address specific funding items by utilizing Assigned, Fund Balance, and Capital funds, thereby not creating a (higher) taxable event to Colchester to cover certain known expenses.

**-$695,000:** Between June 2022 and Feb 2023, without BOE or BOF involvement, our town had been leveraged by an interim superintendent for services exceeding Special Education guidelines for program placement(s). Following up on the exceeding cost, the BOF has since learned that the expense will regularly re-apply for reimbursements; therefore, using the Assigned Fund Balance to cover the expense is recommended as the budget lacks the ability to claw back on funds expended to the BOE. I recommend that BOE retains the same amount YOY until the contract expires. The future success in managing this cost could refund to the AFB.

**-$271,175:** Capital Plan. Our schools have maintained a capital plan running 3-year scheduling, which was dissolved/dismissed and not reconstructed this year. The recommendation is to reduce this line to last year's same funding formula, continue with the capital plan as-is and address any additional wants using the funds in the account. BOE should create a new 3 yr. funding plan to address the new administration's goals.

**-$212,336**. This reduction represents the "Honeywell" payment. BOE has this same payment amount this year and next to pay off the service rendered. The town also has a cost to Honeywell and BOF is willing to discuss using the town's Fund Balance to pay each. For next year, after the audit, the unexpended fund balance may be used for the final payment to reduce BOE debt service.

**To consider:** BOE revenues are down by -$497k this year and will realize a nearly $1M reduction in Revenues next year (2024-2025 Budget). Next year, ECS grant funding will again by reduced by an additional -$497k, while the lost revenue from Norwich Tuition will result roughly $400-$500k in reduced revenues at the same time. Mr. Sullivan is working on solving these issues, but please keep them at the forefront of planning, as reduced income to increased spending is a tax increase. BOE has historically retained 73% of Colchester's tax dollars; this proposed reduction above will maintain the 73% position at a 3.9% increase in spending if used with other funding methods as an overall strategy.

BOF will set a mill rate in June. Should the BOE budget fail, we will set at last year's budget. In June, we will also be experiencing several audit services, including an operation audit that should take us through the summer.

**Disclaimer:** This budget reduction is a 4-0 request. The 0-2 requested $-750k, accepting of the Honeywell payment. The other items unclear and I’ll ask that the other board members provide their request to you prior to Wednesday so it’s well represented as I have not been able to get clarification before publishing this memo.

Thank you and BOF looks forward to further collaboration for an efficient referendum experience.

Andrea Migliaccio, BOF Chairman