Dear Region 20 Community,

As we approach the end of the fiscal year, I am pleased to share that Regional School District No. 20 (RSD20) is projected to close with a budget surplus. This favorable financial position allowed the Board of Education to approve construction of a new parking lot at Lakeview High School—a need previously considered at the inception of Region 20, but postponed due to the district's financial challenges. Once completed, the new lot will enhance safety by eliminating student foot traffic along Route 202 and reduce student parking throughout the surrounding community. The Board approved a total of $504,000 that also includes building repairs across the district - a new boiler, water filtration improvements, and updated maintenance equipment. After these investments, the Board will place $435,000 into a strategic reserve account to strengthen the district's long-term financial stability.

This surplus represents a significant financial turnaround from last year, when the district auditors determined Fiscal Year 2025 (FY25) ended with a $2,986,107 deficit. The Board of Education also voted to direct the district to repay approximately $528,000 of the debt incurred in FY25, along with $286,107 to cover the gap between the $2.7 million provided by the four towns in the Budget Deficit Mitigation Agreement and the actual total debt of $2,986,107. Additionally, the Board of Education authorized another $242,675.96 to be applied to this debt. These combined payments will now lower the remaining total debt to $2,457,324.04, reducing the costs each town will face in the third year of the Agreement.

While ending the year with a surplus is always our goal, several of the savings realized reflect circumstances unlikely to recur. For example, among the largest savings this year is in the *Classified Salaries* category with an anticipated $226,000 resulting from one Educational Assistant (EA) reduced from 1.0 FTE to 0.5 FTE, two EAs resigned without being replaced, and one EA position remained vacant for the entire year. In the Facilities Department, there were three custodial unpaid leaves of absences, further contributing to the surplus. The three vacant EA positions and one custodial position have been removed from the FY27 Budget, reducing the likelihood of a substantial surplus in this category next year.

The district also projects substantial savings in *Employee Benefits* with a combined surplus of $355.000 anticipated in the medical insurance account and the defined contribution plan. These savings stem from employee coverage decisions, which includes seven staff members moving off district insurance mid-year, staff vacancies, fewer employees increasing their coverage than originally budgeted, and several new hires declining family insurance plans. In the defined contribution plan, vacancies, turnover, and 15 employees not enrolled further contributed to the positive balance. This experience is subject to fluctuation in the upcoming fiscal year.

Operational savings extended to *Transportation* and *Administrative Services*, with transportation costs projected to come in $188,030.64 under budget, driven by changes in out-of-district special education

transportation needs and a shift from 182 to 181 school days. *Administrative Services* show an additional $52,452.67 in savings across legal fees, climate and culture initiatives, and internet services. The FY27 Budget was adjusted accordingly.

Additional savings of $55,754.30 were realized in the *Learning Programs* category due to reduced spending on benchmark testing, district teaching supplies, instructional software, and police services. Tuition accounts also reflect a $30,000 surplus resulting from the fewer hours required for the transition student stipend program. As with *Classified Salaries*, many of these items were adjusted or removed from the FY27 Budget.

The only significant budget category that is projected to end in deficit is in *Maintenance* services, where higher-than-anticipated HVAC controls, and heating oil costs are projected to result in a combined shortfall of $225,000. Despite this, the overall financial outlook remains positive due to the substantial surpluses identified in other categories.

These results are the outcome of careful fiscal management, responsible staffing decisions, and the ongoing efforts of our administrators and staff to steward district resources wisely, and some good fortune.

As always, our commitment remains focused on maintaining high-quality programs for students while ensuring transparency and accountability to the taxpayers of our four towns. We will continue to monitor expenditures closely as we close out the fiscal year and will provide updates as needed.

Thank you for your continued support of Region 20 and for your partnership in sustaining strong, stable, and student-centered schools.

Sincerely,

Jeffrey A. Villar, Ph.D.
Superintendent