

Memo

To: Lyme Budget Committee
From: Michael Harris, Superintendent
Date: 9/23/2014
Re: budget updates

Conclusion of FY2014

The audit of the school district's financial figures as of June 30, 2014 was conducted on August 18. The audit went well. The figures and documents that Teresa Thurston and Nancy Wilson provided were accurate and thorough, and only a minimal number of adjustments were required.

The school district finished the fiscal year on June 30 with a surplus of \$61,400 out of a total budget of \$5.6 million. Most of that surplus was attributable to savings in the high school tuition lines; the district remained responsible for fewer secondary students and for fewer services than was anticipated. There was also a surplus in the building and grounds lines because some expense were picked up last summer with the previous year's surplus. The special education accounts closed with only a minimal over-expenditure, and there were no substantial over-expenditures otherwise. Revenues added about \$17,000 of that surplus total because of two sets of federal grants that were received in addition to what had been budgeted.

As directed by the voting at the district meeting in March, \$50,000 of the surplus will be deposited in the Special Education Reserve Fund with the balance going to the High School Tuition Fund.

Construction Project

The bond for the project was sold in mid-June with a 20-year interest rate of 3.3635% for the amount of \$2,850,000, and the money was transferred to the district in early July.

We anticipate that we will receive a total of at least \$350,000 in donations toward the project, and we will also transfer \$80,000 from our Building Reserve Fund as planned. A separate \$75,000 was donated for the renovation of the cafeteria and the multipurpose room.

The project itself has gone well, i.e. on-budget and generally on-schedule. A balance of \$436,000 remains in the account as of September 23, and most of that will be used to pay the

final bills. Similarly, a balance of \$10,000 remains for the cafeteria work, and that will also be completely utilized.

Beginning of FY2015

As of this time, we are three months into the new fiscal year, and there are no changes to the budget or to anticipated expenditures and revenues. Possible pressures on the budget could come from the following sources:

1. Special education. We have some additional expenses for two out-of-district placements and we have an additional part-time aide for a new student.
2. Food service. The school board has terminated its services with its previous provider and decided to operate its own food service with the primary objectives of improving the quality of the meals and of increasing the number of daily lunches sold. This, however, will increase the food service expenditures beyond what is budgeted, probably in the range of \$10,000 to \$20,000.

Those costs total about \$140,000. They will be partly offset by an insurance premium holiday of \$80,000 for this year and by additional interest on the bond of \$10,000. The remaining \$50,000 can come directly from the \$50,000 of FY14 surplus that is planned for transfer into the Special Education Reserve Fund.

Jeff Valence estimates that the enrollment is now at 196 students. We have split classes planned for grades 3, 5, and 6, and the largest class or grade will probably be right about 20 students.