**Budget Committee Members:** Chuck Osgood, Brian Perkins, Pat Rice and Jeff Wheelden.

**Directive from Council: “**Flat budgeting***”***. To that end the budget committee members carefully reviewed each cost item in both the municipal and school budget looking at cost reasonableness by comparing previous and current year’s spending. The revenue changes for the Town are still uncertain for the coming year; therefore, the Town may want to consider further changes to meet the “Flat budgeting” directive.

While this is a summary of our recommendations, we have also attached the individual minutes of our meetings so that you can better understand our deliberations and the issues which we considered in coming to the final amounts. We believe that the budget presented by the budget officer for your consideration meets the intent and direction of the council to keep expenses steady.

**Municipal: Background-** The bottom line is that there is a slight increase in the budget approved at last year’s annual Town Meeting. Primarily the increases were in some “put back” funds for the fire department and the capital funds account. We recommend the following budget amounts:

* Executive Department: $278,976 – decrease of $24,442 or -8.06%
* Police Department: $329,971- decrease of $1,218 or- 0.4%
* Fire Department: $198,490- increase of $26,923 or +15.7%
* Public Works: $0—*disbanded* decrease of $72,600 or -100%
* Recreation: $54, 553 decrease of $13,344 or -19.7%
* Community Investments: $26,400 decrease of $300 or -1.1%
* Capital Accounts: $165,000 increase of $165,000 *reinstated*
* Reserve Account: $64,000 increase of $10,200 or +19.0%
* Fixed Cost: $419,249 increase of $75,000 or +21.2%
* Mandatory Assessments: $3,105,514 decrease of $59,074 or -1,9%

**School Budget:** **Undesignated Balance and Carry Forward-** The committee has looked at the proposed school budget for 2014-2015. The current school budget consists of the expenses for pre-K to grade 8 as well as the tuition support for high school students. A big influence this year is the positive carry forward amount of $310,000. The break-up of the RSU 26 resulted in a net return to the school of initially of about $408,790 and at the end of the audit in April an additional $159,847. Part of these funds is being applied to the carry forward of $310,000 in this year’s school budget and the remaining is dedicated to an **Undesignated Fund Balance of approximately $258,000 for the school.** The undesignated fund is designed to shelter the school department from decreases in state/local funding and unexpected costs.

 **Pre-K** Every budget is one of choices and the school administration with the approval of the school committee has decided to temporarily suspend the pre-K class due to low expected enrollments such that the numbers would not cover the breakeven costs for this state aided program. The budget committee had many questions about this surprise suspension of the program…see May 6th minutes.

**Cost per pupil**: Veazie School continues to have a high cost/pupil compared to State averages. The high cost per student in the elementary is due to very low teacher/pupil ratios, high teacher salaries due to length of service, increased spending on Special Ed and technology services and increased spending on insurance benefits to Ed techs and staff.

**Other**: Besides staffing areas, operating costs within the Veazie Community School continue to climb. **Building cost items such as custodial and ground maintenance should be bid out or worked in conjunction with the town municipal side for the best price**. The bidding out of these costs was a recommendation by the committee last year and it is again one of our recommendations that we make this year.

 **In summary**, the budget committee **recommends** to the Town Council to accept the bottom line budget prepared by the Principal and Superintendent with the approval of the School Committee for a total of **$4,265,505.63 which is a small decrease of $3,041.43 or -0.07%**