

# Memo

**To:** Lyme School Board  
**From:** Mike Harris  
**Date:** 9/16/2015  
**Re:** budget update

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I submit the following as an initial update on the FY16 budget:

**Audit for 2014-15.** The audit work has been completed and we will await the report that usually follows in a couple of months. The work went well and essentially confirmed the year-end figures that Teresa had reported, i.e. a surplus after reserve payments of about \$43,000. That money will go into the 2015-16 budget as an undesignated fund balance revenue that was not listed in the budget.

## **Revenues for 2015-16.**

Despite the lack of a state budget, we have been repeatedly reassured over the past couple of months that we will receive our full funding of state adequacy aid. Now that there is an agreement per yesterday's vote on a state budget, we should feel confident that we will get the full amount that has been promised.

- Surplus - \$43,000 as explained above.
- Electrical rebate – I have been notified that we will receive two rebates for the electrical work on the construction project totaling about \$17,000. This money can be set against expenses.
- Catastrophic aid – We will receive about \$15,000 for a portion of our special education costs from last year instead of the \$30,000 we had budgeted. The drop is attributable to placement changes of students last spring to less expensive settings. The formula is complex and depends on many external factors having nothing to do with the town's special ED burden per se. To receive such aid our overall cost must exceed 3 1/3 times the estimated state average of expenditure per pupil. In addition, we must first cover 80% of the cost above the 3 1/2 times average. If an allowable cost is paid with federal funds, this expense will not be covered at all by state funds.
- Small Schools Grant – We have received another Small Rural Schools grant from the federal government of \$22,000. We plan to utilize that for several professional

development and student-centered activities. This grant incurs additional expenses for the year and pays for them. It does not count against the budgeted expenses.

### **Expenses for 2015-16.**

- Special Education – (1) Although some students and placements have changed, the out-of-district budget is on-target right now. (2) The unanticipated return of a student with special needs will require an unbudgeted aide at a cost of about \$30,000.
- Personnel – Aside from the additional aide, the personnel expenses seem to be in line with the budget.
- Bussing – The re-routing of River Road has directed the need for an additional vehicle for a small number of children. This will probably incur some additional expenses we are in the process of assessing the most cost effective approach. Another full bus could add about \$30,000 of unbudgeted cost to the school.

Finally, there is a possibility that two teachers may retire in June and be owed retirement benefits according to the collective bargaining agreement. Those benefits could total \$30,000 that is not budgeted.

In summary, the aide and the bussing will incur some additional expenses over budget, probably in the \$50,000 range. That is mostly offset by the surplus funds from 2014-15.

### **Construction Project**

There is a small amount of money remaining from the soft costs account and from the construction account. Those funds will pay for the recent lockers that were purchased, and the balance can be utilized for the paving work later in the year estimated at about \$30,000. That will essentially exhaust the funds.