



LITCHFIELD SCHOOL DISTRICT

School Administrative Unit #27

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Equal Opportunity Employer

Memorandum

Date: August 22, 2011

To: Litchfield School Board
Elaine Cutler, Ed. D., Superintendent

cc: Litchfield Budget Committee
LSD Administrative Team

From: Steve Martin, Business Administrator

Subj: July 2011 Business and Finance Monthly Report

Financial year-to-date reporting will begin with my September report.

Finance

There were several important changes in our 2012 financial picture due to recent actions.

We received formal notification from the state that our 2011-2012 adequacy aid grant will be \$6,147,683. This is the same amount as our 2011 grant. I am expecting revenue reductions in both catastrophic aid and building aid but the final allocations for those sources have not yet been made.

The New Hampshire Retirement System failed to get their preliminary injunction from the HB2 required employer rate recertification. As a result they issued new employer contribution rates effective August 1, 2011. Recalculating the budgeted retirement costs using the new recertified rates, our budget shortfall is reduced from the previously calculated \$251,000 to only \$30,570. In addition, HB2 also added an additional state funded contribution to the retirement costs of \$3.5 million. NHRS has advised that their current working plan is to distribute those funds on a pro-rata basis using fiscal 2011 data. They expect that they will have the data to be able to do this by October 1. This will further reduce the current shortfall. Should the Retirement System win their court challenge to the legislature mandated recertified employer rates, it is not known what will happen to these recertified rates and when the previous rates would be reinstated. This is a major unknown at this time.

Employee plan changes to our health insurance are now up to an approximate \$75,000 cost over the budgeted plans included in the approved budget. At this time I am comfortable that the expected remaining underspend in health insurance will cover the potential overspend in retirement costs as long as the initial employer rates are not re-implemented prior to June 30, 2012.

We signed a contract for our #2 fuel oil at \$3.125 per gallon. This was a savings of \$0.115 per gallon from our initial bid results reported last month. We are budgeted at \$2.477 per gallon. At the budgeted usage we will have a budget shortfall of \$24,326. This is on top of the \$28,063 budget shortfall from our propane contract.

Special Education costs are currently looking to be a significant budget problem for us this year. All current students have been assigned to their out-of-district programs and the expected costs come to \$46,000 over our budgeted tuition account. In addition, after all of the IEP plans were approved, there is a need to hire seven (7) out-of-budget IEP required individual paraprofessionals. Two were paras hired last year and five are for new IEP requirements. These seven additions were after reassigning three program paras to pick up individual para positions. While we won't know until next April/May, unless a student moves out of the district or there is significant under spending in other SPED accounts, I expect that we will need to use most if not all of the SPED capital reserve account this year.

Our annual audit is underway with the onsite field work completed.

Building & Grounds

Most of the major summer projects at all three schools have been completed. At Griffin work to fix the site under the removed portable is still being worked and we are waiting for the delivery of the new sign.

Technology

All the computer labs at Campbell have been upgraded with the new leased computers.

Griffin's new fiber optic network backbone is now operational.

Please let me know if you have any questions regarding this report or the associated materials.

Respectfully submitted,

Steve