

SCHOOL ADMINISTRATIVE UNIT #70
Dresden, Hanover, and Norwich School Districts

Memorandum

To: SAU School Board
Franklyn G. Bass, PhD, Superintendent

From: Jamie Teague, Business Administrator

Re: Proposed Budget 2017-18

Date: November 3, 2016

Attached are several sheets showing the proposed SAU budget for 2017-18. Included in the 4 pages are the Budget Summary, a projected Revenues and consolidated Expenditure budget report showing data for three separate fiscal years. The first two columns show budget and actual results from the year ended June 30, 2016 (unaudited), the next two columns show current year budget and estimated year end numbers, and the final column shows the proposed budget for FY2018.

What is the SAU?

In New Hampshire, "School Administrative Units" were created by the legislature as a means to provide centralized management services to groups of the many small school districts throughout the State. SAU 70 is unique in the State of New Hampshire in that of its three member districts one—Norwich—is a Vermont School District. A second, the Dresden School District, is an "interstate school district" whose resident students reside both New Hampshire and Vermont. Thus, SAU 70's service and administrative mandate actually crosses state boundaries, managing schools in two separate states, according to the laws and regulations of those two states. In addition to laws and regulations that govern school districts in the two states, SAU 70 and the Dresden School district must adhere to a third set of legal requirements, known as the "Interstate Compact". The compact attempts to iron out the inconsistencies between the two states' education laws.

The SAU provides centralized management services, such as superintendent services; business services--accounting, financial reporting, payroll, human resources, and audit; special education services--adherence to public law 94-142, IDEA, Section 504, and laws relating to education of those whose primary language is not English; curriculum instruction and assessment; and, computer technology. To the extent that we are able, discrete services provided by individual districts are accounted for within each respective entity. Expenses that serve all districts seamlessly, or expenses where allocation would be arbitrary or difficult, are accounted for within the SAU.

Current year budget for the SAU includes funds for a Superintendent of Schools, a Business Administrator, a Director of Curriculum/Instruction & Assessment, a Director of Special Education, a Technology Director, and 8.25 support personnel. The SAU operates out of the

Hanover High School complex. Expenses of operating the SAU are, after deducting any applicable revenues, allocated to the three member districts according to a formula that compares the districts' student enrollments and count of teaching staff. These allocations appear as assessments in the annual budgets of the member districts. The fiscal year for the SAU, like those of the member districts, runs from July 1 to June 30 of each year.

Budget Summary

The first attached page shows a summary of SAU budgets for the prior year, the current year, and the upcoming year. The proposed FY18 budget shows an expenditure increase of 4.8%, from \$1,516,980 to \$1,590,491. For the 2017-18 year we expect \$19,700 in "other income", primarily income from the Retiree Drug Subsidy program and an end of year fund balance of \$10,000. Amounts to be raised from district assessments total \$1,560,791, a 5.1% increase.

Proposed Budget Changes for the 2017-18 School Year

The proposed 2017-18 expense budget, at \$1,590,491, constitutes an increase of \$73,511 (4.8%) over the current year's adopted budget. The proposed budget has changes proposed in many of the salary lines as well as purchased services. After applying offsetting revenues, the amount to be assessed to the districts is increasing by \$75,471, or 5.1%. Dresden's assessment increase by \$51,382, Hanover's assessment increases by \$11,367, and Norwich's assessment increases by \$12,722.

Significant budget changes include:

1. A projected decrease in Administrator's salaries of (\$9,476)
2. A projected decrease in Office Support staff salaries of (\$10,454)
3. A projected increase in Support Staff of \$53,505 due to the addition of a technology assistant
4. A projected increase in Retiree Wages of \$8,206
5. A projected increase of \$47,372 in Payroll Taxes & Employee benefits due to a NH Retirement System rate increase of 1.88%, retiree insurance cost, employee benefit level changes and an additional employee
6. A projected decrease of (\$30,042) for Purchased Professional/Technical services
7. A projected increase in Other Purchased Services of \$12,000 due mainly to increases in insurance, telephone fees, postage and a website software contract

Various assumptions have been made in producing this proposed budget. A general increase in salaries for administrative and office support has been included at 1.5%. Health plan rates for 17-18 have not been issued, presently speculated at a 3% increase; rates are due out in mid-November.

We will try to answer any questions you may have at the November 7th meeting. The Board will look to adopt the SAU budget on Monday, December 5th after all information has been discussed and finalized.

**SCHOOL ADMINISTRATIVE UNIT #70
Proposed Budget 2017-18**

Budget Summary	2015-16 Revised Budget	2015-16 Actual	2016-17 Revised Budget	2016-17 Projected	2017-18 Proposed Budget	Bgt to Bgt Incr (Decr)	% Change
Expenditures	\$1,455,385	\$1,510,003	\$1,516,980	\$1,527,381	\$1,590,491	\$73,511	4.8%
Revenues							
From End of Year Fund Balance	\$0	\$31,743	\$10,000	\$0	\$10,000	\$0	0.0%
Other Non-Tax Revenues	21,660	23,040	21,660	21,660	19,700	(1,960)	-9.0%
Total Non-Tax Offsets	\$21,660	\$54,783	\$31,660	\$21,660	\$29,700	(\$1,960)	-6.2%
From Net District Assessment	\$1,433,725	\$1,433,725	\$1,485,320		\$1,560,791	\$75,471	5.1%

SCHOOL ADMINISTRATIVE UNIT #70	2015-16 Adopted Budget	2015-16 Actual Year End	2016-17 Adopted Budget	2016-17 Exp'd & Enc'd	2017-18 Proposed Budget	Bgt to Bgt Incr (Decr)
Beginning Year Fund Balance	\$0 (budgeted to reduce assessments)	\$31,743 (actual prior year end)	\$10,000 (budgeted to reduce assessments)	\$0 (actual prior year end)	\$10,000 (budgeted to reduce assessments)	\$0
REVENUES						
District Assessments:						
1121 Dresden School District	\$860,627	\$860,627	\$866,893	\$866,893	918,275	\$51,382
1122 Hanover School District	335,764	335,764	383,138	383,138	394,505	11,367
1123 Norwich School District	237,334	237,334	235,289	235,289	248,011	12,722
Subtotal	\$1,433,725	\$1,433,725	\$1,485,320	\$1,485,320	1,560,791	\$75,471
Other Income:						
1510 Interest Income	\$60	\$130	\$60	\$60	100	\$40
1980 Refund of Prior Yr Expense	500	3,751	500	500	500	0
1990 Miscellaneous Income	100	95	100	100	100	0
1990 Retiree Drug Subsidy	21,000	19,064	21,000	21,000	19,000	-2,000
Subtotal	\$21,660	\$23,040	\$21,660	\$21,660	19,700	(\$1,960)
Total Current Year Revenues	\$1,455,385	\$1,456,765	\$1,506,980	\$1,506,980	1,580,491	\$73,511
Total Resources Available to Offset Appropriations	\$1,455,385	\$1,488,508	\$1,516,980	\$1,506,980	\$1,590,491	\$73,511
EXPENDITURES						
Salaries						
110 Administrator Salaries	\$527,034	\$538,455	\$536,306	\$527,719	\$526,830	(\$9,476)
111 Office Support Staff	108,827	97,492	110,177	108,291	99,723	(\$10,454)
112 Admin Support Staff	273,076	275,816	280,399	279,679	333,904	53,505
118 Subs & Overtime	1,000	195	1,000	675	1,000	0
119 Asst Supt/Admin Help	0	0	0	0	0	0
120 Accrued Vacation Leave	0	0	0	0	0	0
200 Retiree Wages	0	0	0	8,206	8,206	8,206
Subtotal	\$909,937	\$911,958	\$927,882	\$924,570	\$969,663	\$41,781

SCHOOL ADMINISTRATIVE UNIT #70	2015-16 Adopted Budget	2015-16 Actual Year End	2016-17 Adopted Budget	2016-17 Exp'd & Enc'd	2017-18 Proposed Budget	Bgt to Bgt Incr (Decr)
Payroll Tax & Employee Benefits						
211 Medical Insurance	\$203,609	\$225,133	\$207,135	\$223,186	\$253,503	\$46,368
212 Dental Insurance	6,738	6,943	5,960	7,598	6,666	706
213 Life Insurance	2,483	2,278	2,540	2,458	2,622	82
214 Workers Comp Ins	1,843	1,186	1,885	2,081	2,830	945
215 Disability Insurance	2,730	3,527	2,792	3,239	2,884	92
216 Flex Plan Fees	0	0	0	0	0	0
220 Annuity	25,883	26,929	31,212	21,421	21,421	-9,791
221 Retirement	94,919	103,322	101,430	99,817	106,779	5,349
230 FICA	66,969	62,812	68,180	70,042	71,770	3,590
260 Unemp Comp Ins	422	500	422	421	453	31
Subtotal	\$405,596	\$432,630	\$421,556	\$430,263	\$468,928	\$47,372
272 Conferences & Staff Development						
0000 Support Staff	\$3,000	\$725	\$2,500	\$2,000	\$2,500	\$0
0100 Administration	9,375	5,052	9,200	8,000	9,200	0
Subtotal	\$12,375	\$5,777	\$11,700	\$10,000	\$11,700	\$0
300 Purch Prof/Tech Services						
330 Purchased Prof Tech Svcs	\$8,000	\$3,632	\$2,000	\$2,000	\$3,600	\$1,600
340 Pre Employment Costs	0	50	0	100	0	0
390 Auditors	7,400	6,200	7,400	6,200	7,400	0
391 Attorney Fees	2,500	5,197	1,250	1,000	1,250	0
391 Network Admin Contract	0	0	40,000	40,000	8,358	-31,642
Subtotal	\$17,900	\$15,079	\$50,650	\$49,300	\$20,608	(\$30,042)
400 Purch Property Services						
0100 Equip Maint Contr	\$16,500	\$28,196	\$16,500	\$18,703	\$18,700	\$2,200
0200 Computer Programming	2,000	596	2,000	2,000	2,000	0
0300 Curriculum Resources	1,000	96	5,000	4,990	5,000	0
0400 SAU Wide Meetings	8,000	4,377	5,000	4,995	5,000	0
0500 On Line Services	1,000	1,000	1,250	1,250	1,250	0
0600 Grant Writing	0	2,500	0	0	0	0
452 Copy Machine	10,535	8,155	8,000	8,000	8,200	200

SCHOOL ADMINISTRATIVE UNIT #70	2015-16 Adopted Budget	2015-16 Actual Year End	2016-17 Adopted Budget	2016-17 Exp'd & Enc'd	2017-18 Proposed Budget	Bgt to Bgt Incr (Decr)
<i>Subtotal</i>	\$39,035	\$44,920	\$37,750	\$39,938	\$40,150	\$2,400
515 Travel & Other Local Expenses						
0000 Support Staff	\$2,500	\$2,011	\$1,000	\$1,000	\$1,000	\$0
0100 Administration	8,300	7,030	8,000	7,800	8,000	0
<i>Subtotal</i>	\$10,800	\$9,041	\$9,000	\$8,800	\$9,000	\$0
5,6xx Other Purchased Services						
531 Insurance Prop & Liab	\$2,800	\$3,184	\$2,800	\$3,356	\$3,400	\$600
531 Telephone	2,000	4,387	2,800	4,100	4,100	1,300
532 Postage	5,200	6,250	4,600	5,858	5,200	600
540 Advertising	7,000	8,397	6,500	6,500	6,500	0
541 Recruitment	5,000	12,691	5,000	8,166	5,000	0
610 Supplies	12,500	12,483	11,500	11,489	11,500	0
630 Publications & Software	1,000	1,051	1,000	1,000	10,500	9,500
<i>Subtotal</i>	\$35,500	\$48,443	\$34,200	\$40,469	\$46,200	\$12,000
7xx Equipment						
730 Equipment	\$4,100	\$10,482	\$4,100	\$4,000	\$4,100	\$0
740 Computers/Lease	\$8,942	\$8,942	\$8,942	\$8,942	\$8,942	0
<i>Subtotal</i>	\$13,042	\$19,424	\$13,042	\$12,942	\$13,042	\$0
8xx Dues and Fees						
810 Professional Dues	\$9,200	\$22,731	\$9,200	\$9,199	\$9,200	\$0
811 Organizational Dues	2,000	0	2,000	1,900	2,000	0
<i>Subtotal</i>	\$11,200	\$22,731	\$11,200	\$11,099	\$11,200	\$0
TOTAL EXPENDITURES	\$1,455,385	\$1,510,003	1,516,980	\$1,527,381	\$1,590,491	\$73,511