



Somersworth School District 2017-2018 Budget Update

May 7 2018

2017-2018 Budget Update

“How we got here”

- ▶ In October 2017 the school board was notified of a shortfall in revenue in four major areas.
- ▶ **Adequacy Aid:** In November of 2016, the district received an estimate from the Department of Education in the amount of \$7,533,806 which was used to build the 2017-2018 budget. In September of 2017, the district received the revised 2018 municipal summary of Adequacy Aid. In the revised summary, Adequacy Aid dropped to \$7,429,199. A shortfall of \$104,607.
- ▶ **Building Aid:** In 2016-2017, the district received \$847,078 in Building Aid Revenue. \$109,085 for Somersworth High School Renovations and \$737,993 for New Elementary School. In 2017-2018 the bond for the High School Renovations was completed therefore the district no longer receives Building Aid. The expense for the bond was reduced in the budget but the Building Aid Revenue was not adjusted. This resulted in a shortfall of \$172,835

2017-2018 Budget Update

“How we got here”

- ▶ **Catastrophic Aid:** In the 2017-2018 budget preparations, the district used a five-year historical trend in budgeting for Catastrophic Aid based on the figures below:

2016-2017: \$408,548

2015-2016: \$425,815

2014-2015: \$435,260

2013-2014: \$277,301

2012-2013: \$500,960

The district budgeted \$340,000 in Catastrophic Aid Revenue based on a combination of the average of five years history and a drop in the number of eligible students. When the students were certified by the Superintendent in July 2017, it was determined that the district would receive less revenue in Catastrophic Aid. This resulted in a shortfall of \$184,121.

2017-2018 Budget Update

“How we got here”

- ▶ **Medicaid Revenue:** As with Catastrophic Aid, the district used a five year historical trend to budget for Medicaid Revenue in 2017-2018 based on the figures below:
 - ▶ **2016-2017: \$335,397**
 - ▶ **2015-2016: \$356,140**
 - ▶ **2014-2015: \$413,836**
 - ▶ **2013-2014: \$391,635**
 - ▶ **2012-2013: \$245,400**

The district budgeted \$320,000 in Medicaid Revenue based on a combination of the average of the five year history and students eligible for Medicaid. In October 2017, the school board was informed that projections indicated that there would be a decrease in this amount resulting in a shortfall of \$140,000.

2017-2018 Budget Update

“How we got here”

Revenue Shortfall Summary

Adequacy Aid:	\$104,607
Building Aid:	\$172,835
Catastrophic Aid:	\$184,121
Medicaid:	\$140,000
Other Tuition Accounts:	\$ 35,497
Total Revenue Shortfall:	\$637,060

2017-2018 Budget Update

“How we got here”

Budget Adjustments

Expenditure Reductions:

- Adjusted Salaries and Benefits: \$193,029
- SAU Assessment: \$88,200
- Building Totals: \$50,000
- Substitutes: \$50,000
- ESL Contracted Services: \$33,000
- Other-Contingency: \$101,771
- Total Expenditure Reduction: \$516,000

Revenue Adjustments:

- Special Education Reserve Fund: \$104,000
- Preschool Tuition: \$17,000

Total Revenue Adjustments: \$121,000

Total 2017-2018 Budget Adjustments: \$637,000

2017-2018 Budget Update

“Deep Dive”

- It was determined during City Council and School Board Joint Meetings and Joint Commission meetings that the school district would continue to take a “deep dive” into the budget to identify savings to make up the \$101,771 that was still short in the budget and report back to the City Council in April with their findings.
- The school district has been working hard the last few months looking at each line individually to ensure that we are budgeting appropriately going forward.
- Due to this “deep dive” we have identified the following areas to offset the \$101,771 that the district was still short.

<u>Description</u>	<u>Account Number</u>	<u>Amount of Savings</u>
Medical Buyback Savings	10-XXXX-5211-XX	10,602.49
School Resource Officer Savings	10-2110-5330-90	18,674.66
High School Principal Salary and Benefit Savings	10-2400-XXXX-31	60,412.45
Strafford Learning Center Dues (based on enrollment)	10-2190-5811-90	4,045.40
SES Dues (no longer use)	10-2190-5810-90	263.00
Staff Not Eligible for Retirement	10-1300-5231-33-22	1,653.00
Property and Liability Budgeted too High	10-2900-5260-90	<u>6,120.00</u>
		<u>101,771.00</u>

2017-2018 Budget Update

Budget Process Changes

- ▶ **Committee Structure:** Reinstated the School Board Budget Committee to ensure all financial decisions get vetted out appropriately.
- ▶ **Budget Binder:** Each Board Member was given a budget binder with necessary information pertaining to the development of the 2018-2019 budget.
- ▶ **Revenue:** Budgeting the guaranteed 95% Adequacy Aid
- ▶ **Open Communication:** Joint meetings with City Finance Committee, Joint Commission and City Council
- ▶ **Deep Dive:** Looking at each line item in our budget individually has given us the opportunity to identify accounts which have been over/under budgeted to make the necessary adjustments.
- ▶ **Reduced Costs:** We have negotiated new contracts with Waste Management and our copier leases in order to reduce costs and we continue to look for ways to do things differently in order to save money.
- ▶ **Budget Updates:** Memos are given to the school board each month on changes that have occurred since the last budget update to keep everyone informed.

2017-2018 Budget Update

Estimated Over Expenditures

- ▶ During the “deep dive” into the budget we also identified certain line items that are currently over budget or will be significantly over budget in the area of special education as well as utilities. Below are estimates of what we anticipate these line items will be over expended by:

- ❑ **Special Education Transportation: \$320,000**
 - Due to unexpected Homeless Transportation Costs and Transportation to out of district placements
- ❑ **Special Education Contracted Services: \$44,000**
 - Due to unexpected costs for new students for OT, Speech and other services
- ❑ **Special Education Out of District Tuition: \$25,000**
 - Due to unexpected costs for new students and services
- ❑ **Special Education-PT/OT Services: \$35,000**
 - Due to additional services in PT and OT for students
- ❑ **Utilities: \$50,000**
 - Due to this line item being under funded. We have corrected this issue in the 2018-2019 Budget
- ❑ **Estimated Total: \$474,000**

2017-2018 Budget Update

Possible Funding Sources

- **Estimated Unanticipated Revenue:** We have received additional revenue than what we originally estimated in the amount of \$116,795. We will continue to receive Medicaid funds through the end of the year so this number will continue to increase.
- **Possible Title I Reimbursement:** We are able to pay for a portion of homeless transportation through our Title I Grant. We are waiting on approval of the grant revision but we estimate that we can be reimbursed for approximately \$26,000.
- **Possible Shared Homeless Transportation Reimbursement:** There is opportunity for us to receive 50% reimbursement from other school districts where there is a shared responsibility for homeless transportation. We estimate that we can be reimbursed for approximately \$36,000
- **Supplemental Appropriation-Fund Balance:** Approximately \$295,205, depending on what we receive from the sources above. As we get closer to the end of the year we will have a better idea of how much additional revenue we will be receiving in order to get a firmer number on the amount of a supplemental appropriation we will be requesting.

Total Estimated Increase in Expenditures:	\$ 474,000
Less: Unanticipated Revenue:	\$ (116,795)
Title I Reimbursement:	\$ (26,000)
Transportation Reimbursement	\$ (36,000)
Remaining Balance (Fund Balance):	\$ 295,205