



PELHAM SCHOOL DISTRICT

2015-2016 BUDGET BOOK

SCHOOL BOARD RECOMMENDED OPERATING BUDGET

October 14, 2014

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TOTAL OPERATING BUDGET EXECUTIVE SUMMARY

The School Board's recommended 2015-2016 General Fund operating budget of \$28,546,393 is an increase of \$1,583,671 or 5.87% from the current 2015 general fund adjusted operating budget. Major factors impacting this budget are listed on page 7 of this report. Major increases in the operating budget that are out of the School Board's control include: the increase in debt service from the PHS addition and renovation bond of \$1,349,775; contracted salary and benefit increases of approximately \$263,249; electricity increase of \$129,261; and increases in NH Retirement and health insurance rates of \$471,937. Excluding these non-discretionary increases, the general fund operating budget would show a reduction of **\$630,551** or **(2.34%)**.

The Food Service Fund operating budget request of \$1,076,021 is an increase of \$97,045 or 9.91% from the current 2015 budget. The increase is driven primarily from the plan to use \$80,000 of the current fund balance to purchase some of the new kitchen equipment for the PHS renovation project. The Food Service Fund is a self-funded program that is offset by revenues with no impact to the tax rate.

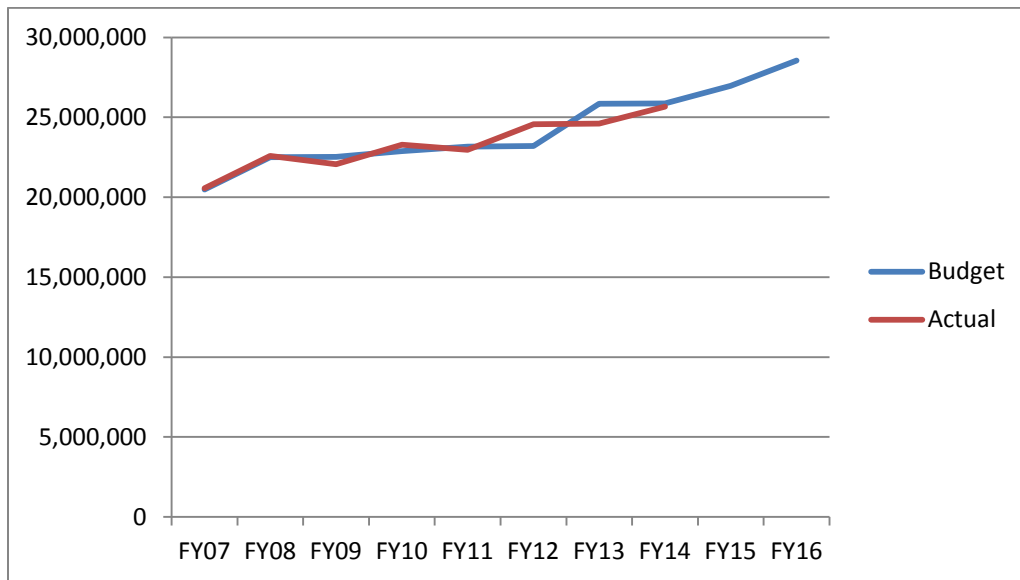
The Grants Fund operating budget request of \$730,000 is a decrease of **\$8,142** or **(1.1%)** over the current 2015 budget. The Grants Fund is also a self-funded program that is offset by revenues with no impact to the tax rate.

	12-13 Actual	13-14 Actual	14-15 Adjusted	15-16 Recommended	Change	Pct. Change
PES	5,187,141	7,233,524	6,675,999	6,546,602	(129,396)	-1.94%
PMS	3,069,135	4,233,697	4,473,167	4,549,417	76,250	1.70%
PHS	4,705,059	7,323,770	6,456,559	7,031,151	574,592	8.90%
District-Wide	11,609,627	6,877,853	9,356,998	10,419,223	1,062,225	11.35%
General Fund	24,570,961	25,668,845	26,962,722	28,546,393	1,583,671	5.87%
Food Service Fund	771,025	839,862	978,976	1,076,021	97,045	9.91%
Grants Fund	694,476	563,896	738,142	730,000	(8,142)	-1.10%
Total Operating Budget	\$26,036,463	\$27,072,603	\$28,679,840	\$30,352,414	\$1,672,574	5.83%

GENERAL FUND OPERATING BUDGET TREND

The ten year trend of the recommended general fund operating budget is shown below. The large increase in the recommended FY16 budget is mostly due to the debt service costs of the PHS bond.

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Budget	20,472,643	22,499,854	22,524,558	22,875,887	23,164,642	23,214,275	25,851,113	25,858,219	26,962,722	28,546,393
Actual	20,555,033	22,591,438	22,069,547	23,281,791	22,962,658	24,570,961	24,609,151	25,668,845		
Budget Change	4.35%	9.90%	0.11%	1.56%	1.26%	0.21%	11.36%	0.03%	4.27%	5.87%



**MAJOR FACTORS IMPACTING THE SCHOOL BOARD'S RECOMMENDED
2015 – 2016 GENERAL FUND OPERATING BUDGET**

(Increase of \$10,000 plus)	
Major Increases from 2015 Budget	Cost
Debt Service on PHS Bond	\$1,349,775
Health Insurance Estimated Rate Increase	319,677
Voter Approved PEA Estimated Cost Increase	199,696
NH Retirement System Rate Increases	151,121
Electricity	129,261
SPED Educational and Professional Services	109,071
SPED Tuition	63,910
Additional PHS Custodian Required Due to New Addition	47,453
Voter Approved PESPA Estimated Cost Increase	42,999
Building Repairs & Maintenance	37,834
3% Rate Increase for STA Transportation Required By Contract	30,639
Vocational Education Transportation Increase	28,610
Propane	27,373
Non-Bargaining Salary Pool	21,678
Administrative Retirement Separation Payments Required By Contract	20,554
Increased Internet Connectivity Service Required Due to Expanded Device Use	20,400
Net Increase for New ESOL Coordinator Required by NH DOE	15,506
PHS Vocational Education Tuition	11,914
TOTAL MAJOR INCREASES	\$2,627,471

ENROLLMENT PROJECTIONS

Enrollment projections used in preparation of the FY16 operating budget are included in the table below.

Grade	FY14	FY15			FY16			
	1-Oct	1-Oct	Teachers	Ratio	Projected	Change	Teachers	Ratio
Pre K	21	47	4	11.8	45	(2)	4	11.3
K	61	71	2	17.8	59	(12)	2	14.8
1	129	115	6	19.2	109	(6)	7	15.6
2	153	138	7	19.7	115	(23)	6	19.2
3	159	166	8	20.8	138	(28)	7	19.7
4	143	160	7	22.9	166	6	7	23.7
5	172	149	7	21.3	160	11	7	22.9
6	176	173	8	21.6	149	(24)	7	21.3
7	155	178	8	22.3	173	(5)	8	21.6
8	197	152	7	21.7	178	26	7.5	23.7
9	177	183	N/A	N/A	152	(31)	N/A	N/A
10	139	175	N/A	N/A	183	8	N/A	N/A
11	184	137	N/A	N/A	175	38	N/A	N/A
12	139	173	N/A	N/A	136	(37)	N/A	N/A
PES	838	846	41	20.6	792	(54)	40	19.8
PMS	528	503	23	21.9	500	(3)	22.5	22.2
PHS	639	668	N/A	N/A	646	(22)	N/A	N/A
TOTAL	2005	2017			1938	(79)		

The above table provides a three-year comparison of student enrollment. The FY14 October 1 is the actual number of students enrolled in school on October 1, 2013. The FY15 numbers reflect the actual number of enrolled students on October 1, 2014 as reported to the NH DOE and the current actual number of classroom teachers. Teachers that teach multiple classes including PES and PMS unified arts teachers and all of the high school teachers are not used in calculating the teacher/student ratios.

The FY16 projections were based on the NHSBA annual projections report dated February 2014 adjusted by our actual experience factor. Enrollment projections indicate a decrease in all three schools next year, 54 students less at PES, 3 students less at Memorial, and 22 students less at PHS. Total enrollment is projected to be 1,938 students in FY16, a decrease of 79 from this year's October 1 actual enrollment. As a result of these preliminary projections, the FY16 operating budget is eliminating 1 classroom teacher at PES.

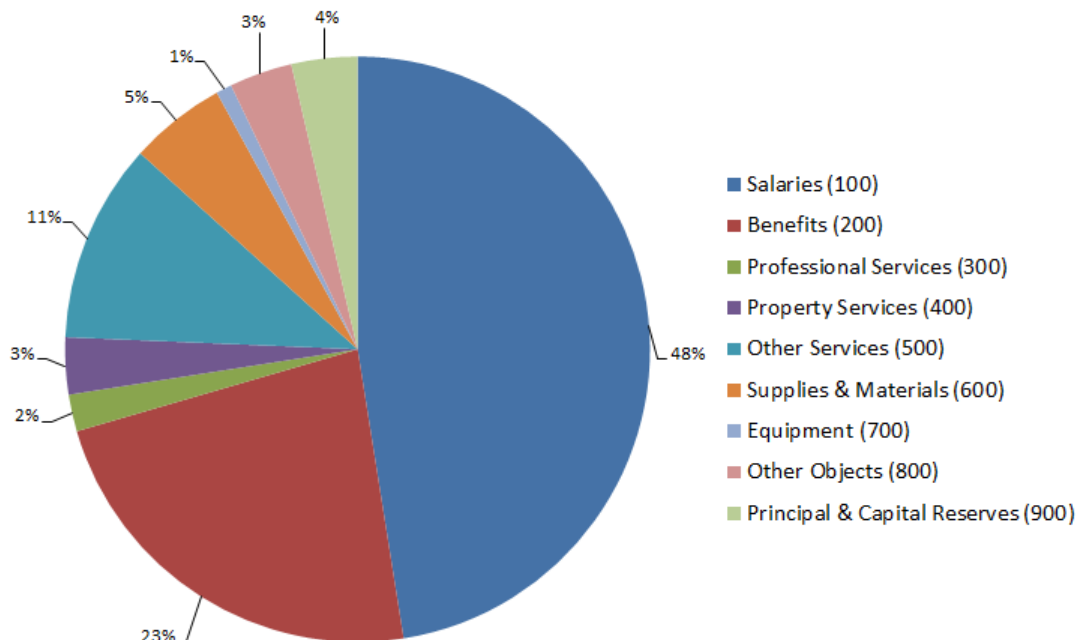
GENERAL FUND OPERATING BUDGET BY OBJECT ACCOUNT

Object Accounts are used to describe the services or commodities obtained as a result of the specific expenditure. As an example, object account 110 is a salary account irrespective of which function (regular education, special education, etc.) the employee or expenditure is located.

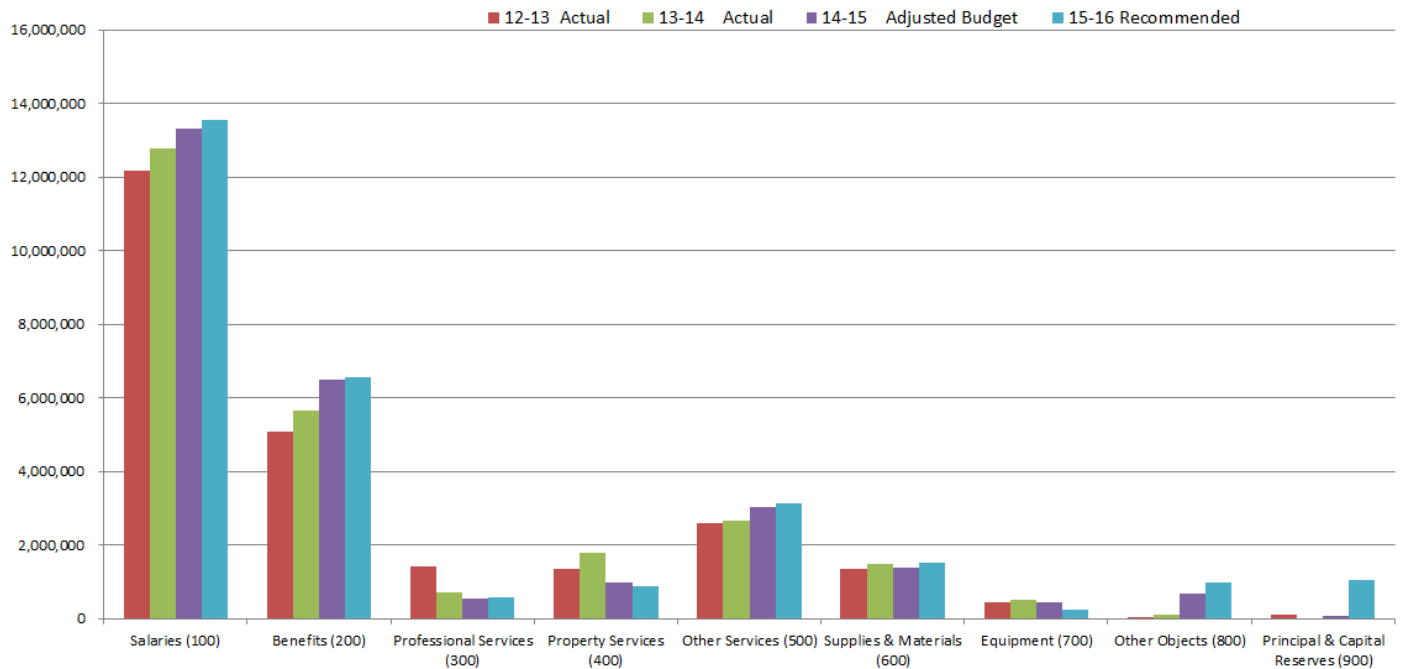
Object Account Summary

Item	12-13 Actual	13-14 Actual	14-15 Adjusted Budget	15-16 Recommended	Change	Pct. Change
Salaries (100)	12,161,706	12,778,436	13,331,844	13,575,399	243,555	1.83%
Benefits (200)	5,101,033	5,639,106	6,484,110	6,546,742	62,632	0.97%
Professional Services (300)	1,423,160	711,930	532,949	580,876	47,927	8.99%
Property Services (400)	1,339,788	1,789,840	973,481	896,558	(76,924)	-7.90%
Other Services (500)	2,602,267	2,660,613	3,047,631	3,142,178	94,547	3.10%
Supplies & Materials (600)	1,346,416	1,483,207	1,387,211	1,523,625	136,414	9.83%
Equipment (700)	441,316	505,607	459,790	248,418	(211,372)	-45.97%
Other Objects (800)	54,642	100,106	670,706	992,596	321,891	47.99%
Principal & Capital Reserves (900)	100,634	0	75,000	1,040,000	965,000	1286.67%
Total General Fund Operating Budget	\$24,570,961	\$25,668,845	\$26,962,722	\$28,546,393	\$1,583,670	5.87%

2015 - 2016 Recommended General Fund Operating Budget



Four-Year Trend by Object Account



Object Account Analysis

Series 100 – Salaries

These accounts include salaries for all staff members, overtime, substitutes, and summer school. There are four factors that contribute to the changes in these accounts - salary increases, salary changes resulting from staff turnover, any new and expanded positions, and any reductions in staff positions.

The following table identifies changes in staffing incorporated into the School Board's recommended operating budget:

Budget Unit	Description	Estimated Cost
1011110000	Reduce 1 PES classroom teacher	(97,698)
1011110000	Reduce 1 Regular Ed. IA	(18,178)
1011121000	Reduce 1 Pre-School IA from 5 to 4 days a week	(3,385)
1012110000	Expand 5 PMS IA's by 15 minutes due to new bus schedule	6,278
1000121000	Cost for weekend CPI staff training	7,665
1000121000	Increase in Paras to cover SPED student during extra-curricular activities (Replacing .5 vacant PHS IA position used in the past)	5,407
1000126000	New ESOL Coordinator & IA less RIF of 2 ESOL tutors	15,506
1011213400	Reduce PES .7 nurse to .5 position	(15,755)
1000215000	New Speech/Language Pathologist less reduction in contracted services and Grant funding.	1
1033262000	New PHS custodian	47,453
Total Requested Decrease Due to Staff and Hour Changes		(52,706)

The \$243,555 increase in salaries in the recommended budget is due to the costs associated with the second year salary increases of the voter approved PEA and PESPA collective bargaining agreements, as well as a salary pool equivalent to 3% of all non-bargaining staff salaries for all non-bargaining unit staff. These increases were offset with a net savings of almost \$53,000 in net reductions from staffing changes.

Series 200 – Benefits

These accounts include the costs of all employment taxes and benefits provided to district employees, including course reimbursement.

The following chart lists the benefit rates used in developing the School Board’s recommended budget and their rate of increase (if any).

Benefit	Rate	Notes
FICA / MC	7.65%	No change
NH Retirement – Employee	11.17%	3.71% Increase
NH Retirement – Teacher	15.67%	10.66% Increase
Workers Comp	0.48%	7% CAP Increase
Workers Comp –Facilities & Food Service	3.95%	7% CAP Increase
Health Insurance	Varied	Estimated 11% increase
Dental Insurance	Varied	Estimated 5% increase
Life / AD&D / LTD / STD	Varied	No change

The budget development schedule is too early to incorporate the health and dental insurance Guaranteed Maximum Rates (GMRs) provided by our insurance carrier. The rates used were ones based on last year’s early rates. The health and dental budgets will be adjusted once we receive the GMRs from HealthTrust.

Rate increases in the calculation of health and dental costs were offset with savings from the new lower cost plans implemented this year and some reductions in staff. This budget does include a \$40,000 line item for potential increases in insured staff and potential fines (taxes) under the new Patient Protection and Affordable Care Act (PPACA / Obama Care) as the employer mandate is expected to be implemented for the 2016 fiscal year.

The FY16 recommended budget has benefited significantly from this year’s implementation of the new, lower cost health plans approved in last year’s collective bargaining agreements. Excluding the \$309,000 estimated increase in the health insurance budget due to the budgeted 11% rate increase, and adjusting for FY16 budgeted staff changes; the adjusted FY16 recommended health insurance budget is approximately \$400,000 lower than this year’s budget. A large part of this additional savings is a result of the lower cost of the new plans and employee plan changes because of the new plans.

Series 300 – Professional Purchased Services

These accounts include professional services purchased from non-district employees. Services include psychological, speech, occupational and physical therapy, workshops, tutors, audit, legal services and other consulting or outsourced services.

The entire increase in these accounts is due to an increase of \$108,971 in SPED educational and professional services. The largest decrease in professional services is a reduction of \$75,000 previously budgeted for architectural and engineering fees no longer required due to the high school project.

Series 400 – Property Purchased Services

These accounts include the cost of repairs, maintenance, and purchased services from outside vendors. Costs include water, sewer, disposal, snow plowing, equipment, and building repairs and maintenance, and leases such as copiers, software, and the SAU modular.

The primary factors for the reduction from the FY15 adjusted budget for property purchased services are a reduction of \$65,000 in the SAU lease account due to the new SAU modular project being completed in FY15 and a reduction of \$45,000 in business office software due to the completion of the implementation of the new software.

Series 500 – Other Purchased Services

Services in these accounts include transportation, insurance, telecommunications, postage, tuition, advertising, printing, and travel.

The primary factors causing the increase in these accounts include: a \$65,000 increase in SPED out-of-district tuition; a \$12,000 increase in vocational education tuition; a \$32,000 increase in vocational education transportation; a \$22,000 increase in regular and athletic transportation; and a \$22,000 increase in data communications to fund a new higher speed internet connection. The transportation increases were due to a 3% rate increase required by the contract as well as correcting an under-budgeted vocational education transportation budget in the current year. SPED transportation's budget is a reduction of \$76,000 from the current year's budget.

Series 600 – Supplies & Materials

The supply accounts include general supplies, textbooks, software, electricity, fuel oil, and propane gas.

A large part of this increase is due to a change in accounting practices that now require any item under \$400 to be expensed as a supply rather than equipment or furniture. This change is discussed at the end of this report. The largest increase in the supplies accounts is a budgeted increase in electricity of \$135,260 due to both higher prices for supply and the increase usage from the new high school addition. There is also a new propane budget of \$27,000 required for the new high school addition.

Series 700 – Property and Equipment

This account covers furniture, equipment, and site development.

The primary factors in the reduction in these accounts was last year's one-time emergency generator replacement at PMS for \$70,000, a reduction in technology equipment, changing copier procurement from purchasing to leasing, and moving low cost items into the supply accounts.

Series 800 – Other Objects

Other object accounts include: district meeting and election expenses; dues, fees, and subscriptions; graduation expenses; and interest payments on the district's debt instruments.

The major reason for the increase in these accounts is an increase in the interest on the PHS bond of \$310,000.

Series 900 – Debt Service and Capital Reserves

This account covers fund transfers, principal payment on any long term debt, and any capital reserve payments.

The entire increase in these accounts is due to the \$1,040,000 initial principal payment on the PHS bond. There was a reduction of \$75,000 in fund transfers from the SPED capital reserve approved this year.

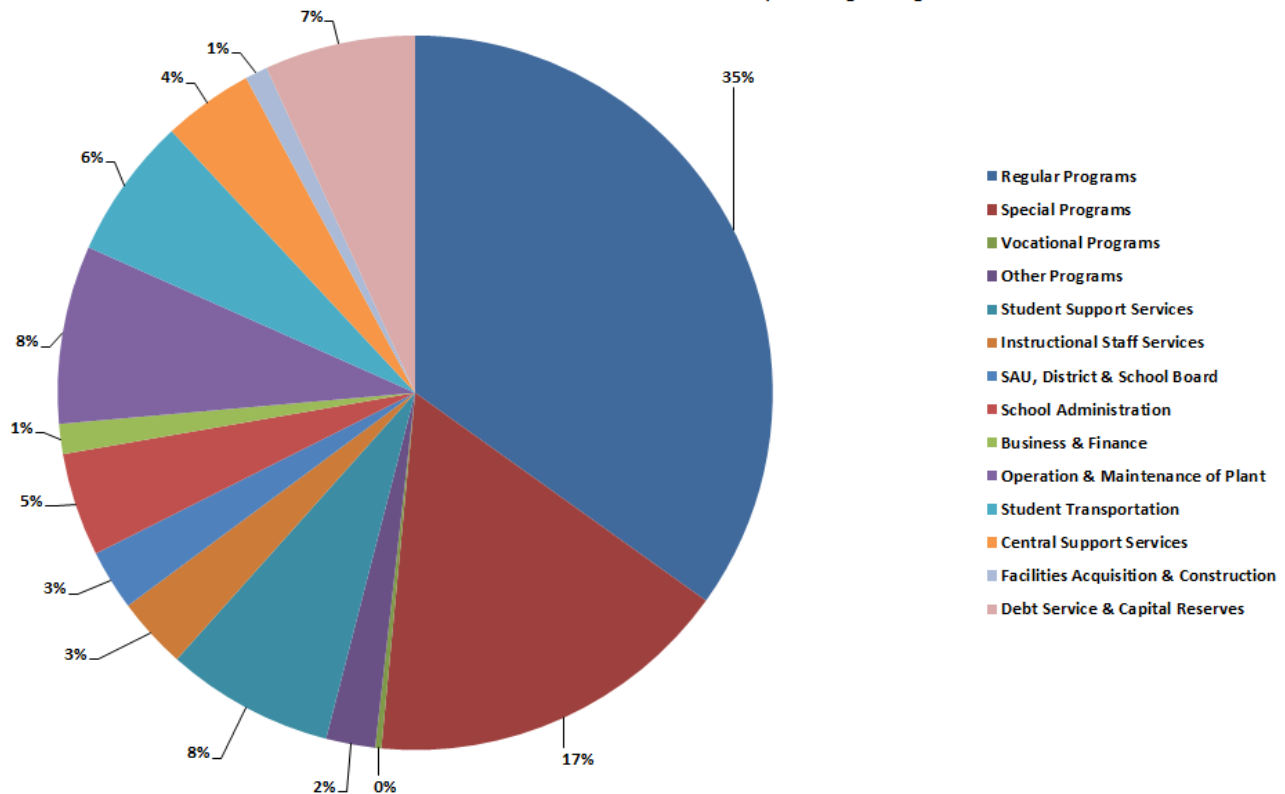
GENERAL FUND OPERATING BUDGET BY FUNCTION ACCOUNT

Function accounts are used to describe the activity for which a service or expense is used, such as regular education or special education. The NH Department of Revenue Administration requires the posting of the default and proposed budgets by functional account groupings.

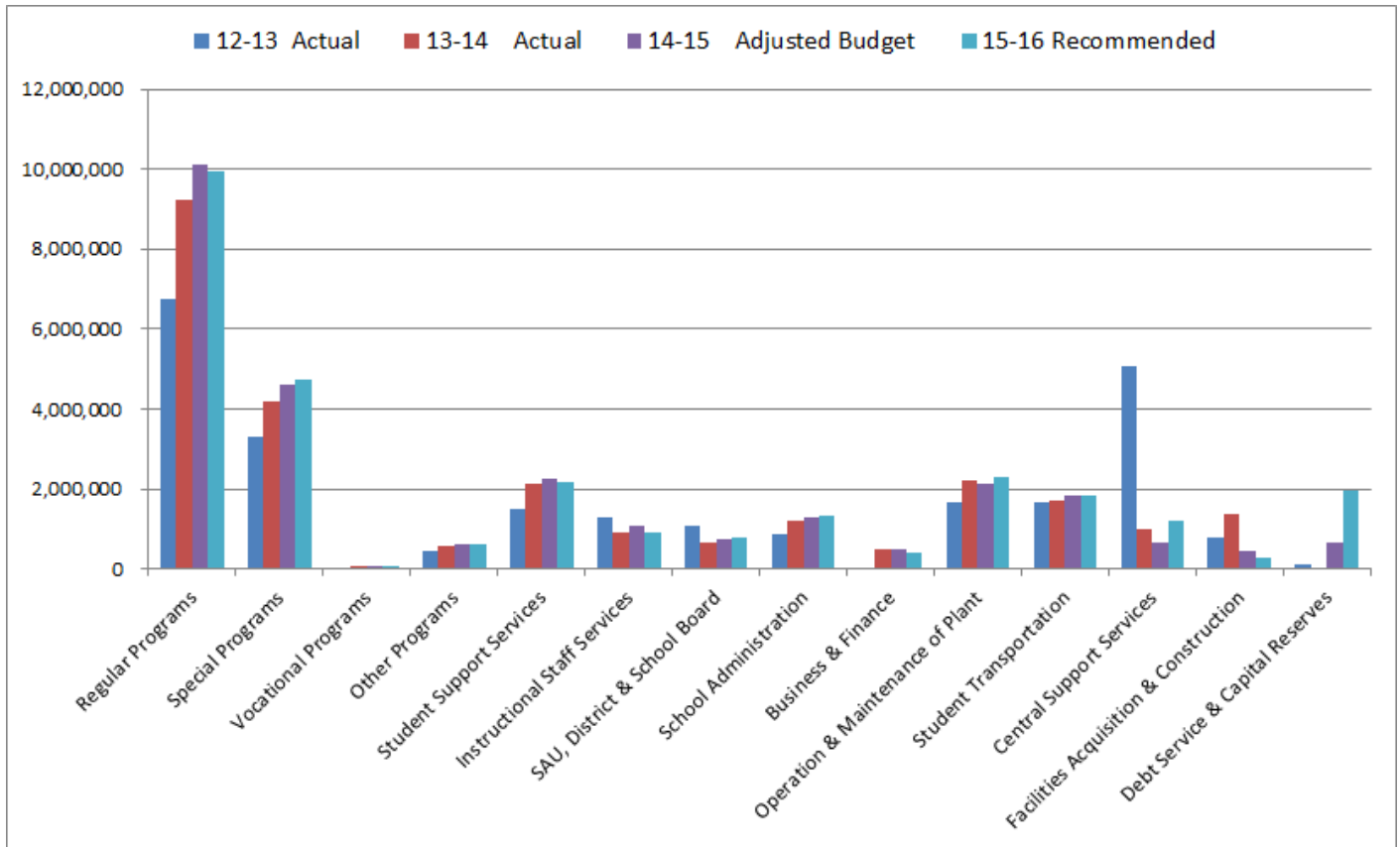
Function Account Summary

Acct	Function	12-13 Actual	13-14 Actual	14-15 Adjusted Budget	15-16 Recommended	Change	Pct. Change
1100	Regular Programs	6,765,785	9,222,847	10,095,443	9,957,551	(137,892)	-1.37%
1200	Special Programs	3,319,109	4,189,297	4,602,964	4,746,807	143,843	3.13%
1300	Vocational Programs	43,486	68,147	66,233	78,147	11,914	17.99%
1400	Other Programs	428,712	559,530	617,384	635,644	18,261	2.96%
2100	Student Support Services	1,496,304	2,127,354	2,270,183	2,168,665	(101,519)	-4.47%
2200	Instructional Staff Services	1,303,029	891,706	1,059,735	922,391	(137,344)	-12.96%
2300	SAU, District & School Board	1,069,494	642,210	749,793	779,192	29,399	3.92%
2400	School Administration	869,689	1,189,372	1,288,678	1,336,341	47,662	3.70%
2500	Business & Finance	0	478,978	490,966	387,478	(103,488)	-21.08%
2600	Operation & Maintenance of Plant	1,647,416	2,224,302	2,136,962	2,302,046	165,084	7.73%
2700	Student Transportation	1,669,985	1,722,858	1,837,411	1,829,284	(8,127)	-0.44%
2800-2900	Central Support Services	5,078,768	996,886	635,796	1,164,933	529,137	83.22%
4000	Facilities Acquisition & Construction	778,551	1,355,357	438,673	290,639	(148,034)	-33.75%
5000	Debt Service & Capital Reserves	100,634	0	672,500	1,947,275	1,274,775	189.56%
Total General Fund Operating Budget		\$24,570,961	\$25,668,845	\$26,962,722	\$28,546,393	\$1,583,671	5.87%

2015 - 2016 Recommended General Fund Operating Budget



Four-Year Trend by Function Account



Function Account Analysis

Function 1100 Series – Regular Education Programs

This account covers all regular education teachers and support staff. Expenses include salaries, benefits, textbooks, supplies, furniture, and equipment.

Function 1200 Series – Special Services Programs

This account contains all costs associated with special education and bilingual programs, including salaries and benefits for teachers and support staff, outside services, supplies, textbooks, and equipment. The increase in this function series is predominantly due to SPED out-of-district tuition costs.

Function 1300 Series – Vocational Education Programs

This account contains the costs of tuition paid to other districts for students attending their vocational and technology centers.

Function 1400 Series – Co-Curricular and Athletic Programs

This function covers all co-curricular and athletic activities.

Function 2100 Series – Student Support Services

Student support services includes the work of various support functions including guidance, nurses, psychological services, speech, occupational therapy, and physical therapy.

Function 2200 Series – Instructional Support Services

Instructional support includes items associated with supporting the instructional programs. The library, technology, and audio/visual services areas are included. Also included are curriculum development, training, workshops, conferences, and course reimbursements needed to insure a quality level educational program, and allow Pelham to meet state and federal standards and requirements.

Function 2300 Series – District Administration Services

District administration services include costs associated with the school board, superintendent's office, and special education administration. This function includes legal, audit, and non-Human Resources advertising expenses.

Function 2400 Series – School Administration Services

School administration services include costs associated with administering the operations in the three Pelham schools. This includes salaries and benefits for the school principals, assistant principals, and administrative support staff.

Function 2500 Series – Business and Finance Office

The business and finance office includes the costs of the business administrator, accounting, finance, payroll, and purchasing operations.

Function 2600 Series – Operation of Plant and Maintenance

This account funds the custodial and building and grounds staff. It also includes the costs associated with running the facilities of the District including: building repairs and maintenance, custodial supplies, snow plowing, property and liability insurance, water, sewer, electricity, oil, and gas. The increase in this function series is due to increased utility costs, repairs, and operating expenses to maintain the new high school addition.

Function 2700 Series – Pupil Transportation

This account covers the costs of student transportation to and from school, special education and vocational education transportation, and athletic and co-curricular transportation.

Function 2800-2900 Series – Central Support Services and Benefits and Fixed Charges

This account covers the costs of Management Information Services (MIS), which includes technology infrastructure such as the computer network, internet access, telephone systems, computer maintenance, and help desk operations; and Human Resources (HR). It also includes a budgetary holding account function for employee benefits that are not allocated to employee budget units such as unemployment compensation insurance and the Patient Protection and Affordable Care Act (Obama Care) taxes and increased costs contingency. Prior to last year all employee benefits were charged to the 2900 function.

Function 4000 Series – Site and Building Improvement

This account covers the costs of facility and site improvements, including the costs of the modular SAU and classroom leases.

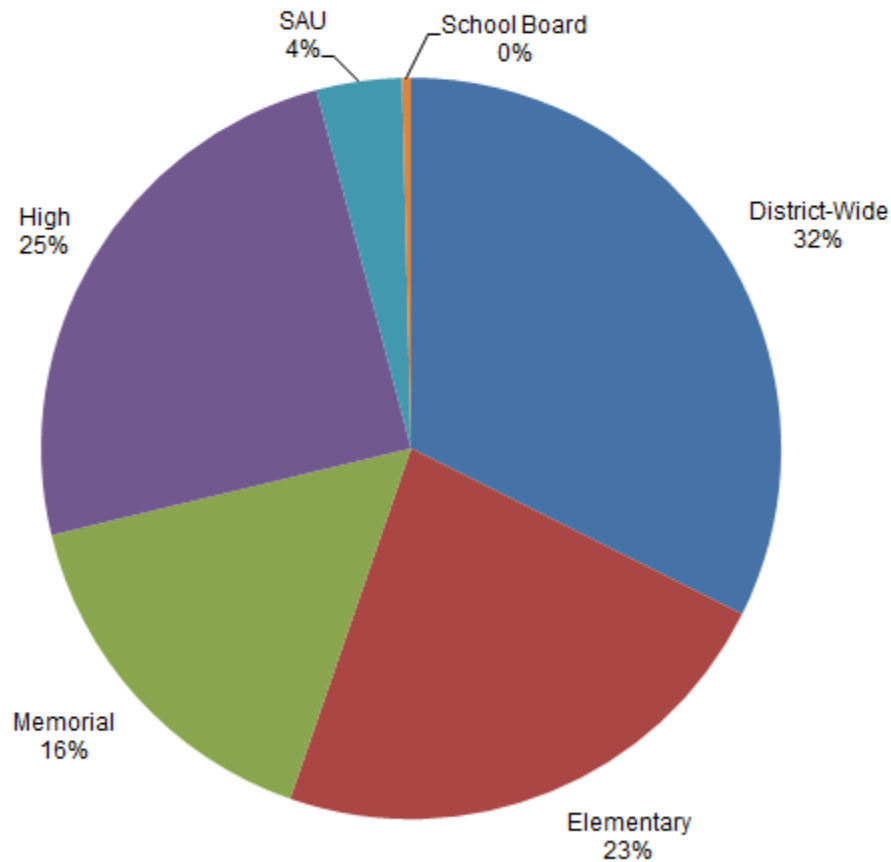
Function 5100 Series – Debt Service and Capital Reserves

This account covers the costs of principal and interest on long term debt and any capital reserve costs. The increase in these functions is due to the PHD bond principal and interest.

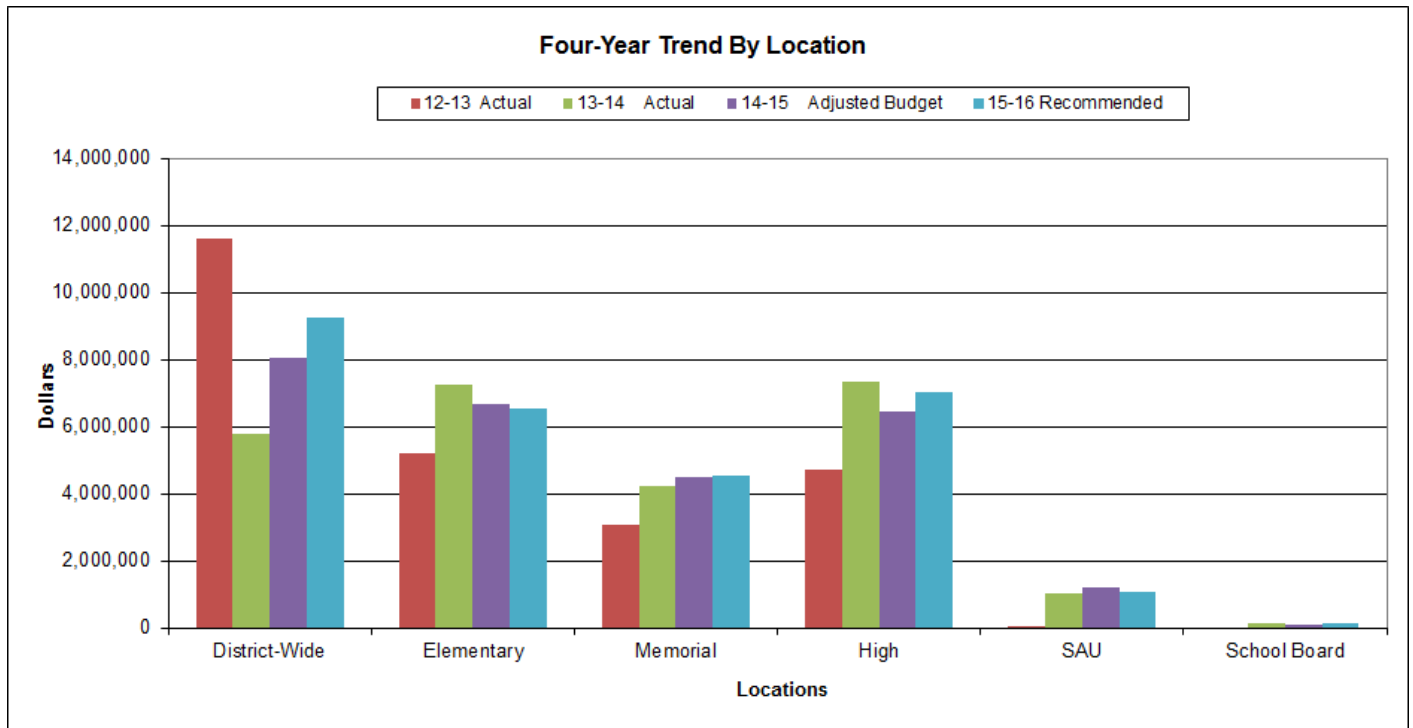
GENERAL FUND OPERATING BUDGET BY LOCATION

Location	12-13 Actual	13-14 Actual	14-15 Adjusted Budget	15-16 Recommended	Change	Pct. Change
District-Wide	11,607,763	5,762,735	8,041,750	9,240,809	1,199,059	14.91%
Elementary	5,187,141	7,233,524	6,675,999	6,546,602	(129,396)	-1.94%
Memorial	3,069,135	4,233,697	4,473,167	4,549,417	76,250	1.70%
High	4,705,059	7,323,770	6,456,559	7,031,151	574,592	8.90%
SAU	1,864	1,001,531	1,208,699	1,066,201	(142,498)	-11.79%
School Board	0	113,587	106,548	112,212	5,664	5.32%
Total General Fund Operating Budget	\$24,570,961	\$25,668,845	\$26,962,722	\$28,546,393	\$1,583,670	5.87%

2015 - 2016 Recommended General Fund Operating Budget



Four-Year Trend by Location Account



The District-Wide location covers all expenses that are shared across locations or by its nature is a district-wide expense. District-wide special education budgeted expenses of \$3,300,139 account for 35.63% of the total district-wide budget. SPED expenses budgeted at the district-wide level include: tuition, transportation, professional services, psychological services, speech services, physical and occupational therapy services, legal services, and SPED administration. Other major expenses budgeted at the district-wide level include: debt service (\$1,947,275 or 21.03%); regular student transportation (\$1,058,439); technology services (\$601,052); building and grounds including property and liability insurance (\$462,291); and staff instructional and curriculum development and training (\$441,878). Salary pools, separation payments, and some benefit expenses are also budgeted in the district-wide location.

The Elementary, Middle and High locations are all expenses across all functions that are budgeted at each school location.

The SAU location covers all operations of the SAU which includes: office of the superintendent; business and finance; and human resources.

The School Board location includes: school board, elected officials and election services; and audit and legal services. The school board expenses were previously budgeted as a district-wide expense.

MAJOR CHANGES AFFECTING THE FY16 BUDGET PRESENTATION MATERIALS

The FY16 budget preparation materials reflect the completion of changes started in the current FY15 budget process being implemented to realign our accounting practices to both generally accepted accounting principles (GAAP) and the NH Financial Accounting Handbook for LEA classification of expenses. In addition, this budget was prepared using our new eFinancePLUS (EFP) software's budgeting modules. These changes resulted in the following major differences in the enclosed budget documents from the prior year:

NEW BUDGET REPORT FORMAT

The visual presentation of the budget is significantly different from the Budget Sense format used in the FY15 budget. The printout does include the basic information previously provided to the budget committee, including: two years of prior actual expenditures (FY13 and FY14); the adjusted FY15 budget; the FY16 recommended budget along with the dollar change; listing of all staff with their position and salaries; and line item descriptions and notes where additional information is being provided.

All employee specific salary and benefit budgets were developed in the new software's Personnel Budgeting module with the dollars automatically entered into the FY16 budget. Salary costs were calculated based on all CBA required salary increases in FY16. Benefits were calculated based on each employee's current benefit selections and cost at the projected costs for each benefit in FY16. In any budget unit where we had to budget salaries not developed in the Personnel Budgeting module, you will see a line item entered called "Post From Personnel Budgeting". This amount is the total of the employee details listed above it in the report. Its entry is needed to enter the budget brought over from the Personnel Budgeting module in order to add the additional salary and/or benefit costs of the manual entries.

CHART OF ACCOUNTS STRUCTURE

In the conversion to the new EFP software the district implemented a new, more streamlined chart of accounts. The new account structure is as follows:

Budget Units

eFinancePLUS uses a ten (10) digit budget unit code. The budget unit code structure is as follows:

- 12xxxxxxx - Digits 1 and 2 represent the **FUND**. The Fund is a self-balancing set of accounts. The District's main general fund is fund 10 (previously 100). The Food Service fund is 21 (previously 400), and the Grants Fund is accounted for in fund 22 (previously 200).
- xx34xxxxx - Digits 3 and 4 represent the **LOCATION**. The Location represents the building and/or separate organizational unit within the District. For example, all expenses associated with Pelham Elementary School have location code 11.
- xxxx5678xx - Digits 5, 6, 7 and 8 represent the **FUNCTION**. The Function describes the activity for which a service or material object is acquired. The District uses many functions with some of the bigger ones including 1100 for regular education, 1210 for special education, and 2410 for the principal's office in each school. All state reports use functional groupings as the reporting segmentation.
- xxxxxxx90 - Digits 9 and 10 represent the **SUBJECT**. The Subject (or Department) is used to break down budgets by subject areas such as math, English, etc..

Object Accounts

Unlike Budget Sense, in EFP object accounts are not part of the budget unit/organization account. They are separate fields that are combined with the appropriate budget unit. The object is the service or commodity bought. For example, all books are object code 640 regardless of function or building.

Project Accounts

Also unlike Budget Sense, projects are not part of the budget unit/organization account. Projects are handled in a separate project management module. Projects and their object codes are combined with the 10 plus 3 general ledger account.

Example

An example of a full general ledger account is as follows:

1090251000-610

10 = general fund

90 = SAU location

2510 = Business and Finance function

00 = no subject

610 = Supplies object account

Included in the Exhibit tab in the Budget Book is a detailed listing of the new EFP chart of accounts and the conversions used on April 1, 2014 to convert the old Budget Sense accounts to eFinancePLUS. Please note that this list only covers accounts that were used in Budget Sense and does not include a conversion of new accounts created in EFP after the District went live on the new software.

CHANGES TO PROVIDE CONSISTENCY IN EXPENDITURE ACCOUNTS

In the development of the FY16 budget, administrators were given new guidelines on where to budget (and expense) classes of expenditures that differed from past practice. The changes were implemented to acknowledge the new software's features, be more aligned with the generally accepted accounting principles (GAAP) and the NH Financial Accounting Handbook for LEA classification of expenses, as well as making sure that there is consistency across all Pelham School District operating units in the accounting of expenditures. Some of the major changes implemented in the FY16 budget include:

- **Substitute Salaries:** All substitute salaries are now budgeted at district-wide levels rather than school levels. This change was made to provide more consistency in budgetary accounts and in recognition of the new software's charging of substitute expenditures to the employee's actual budget unit rather than school-level accounts.
- **Mentoring Salaries:** All mentoring stipends and expenses are now charged at the district-wide level rather than school-level to facilitate the Director of CIA's ability to allocate based on school need.
- **Special Services Support Services:** All Special Services support services are now budgeted at a district-wide level rather than the previous combination of both district-wide and school level budgets.
- **Extended School Year:** The extended school year program is now budgeted as a district-wide expense rather than a PES expense.

- **Professional Development (275 & 320):** Guidelines were established to provide consistency on the budgeting of non-CBA professional development. Each administrator budgeted their non-union workshops and conferences in the 275 object account. The 275 object account is for the cost of the conference/workshop only. Any travel related expenditures is budgeted in the travel 580 object code.
- **Professional Services (321, 330, 331, 332, 335, 338 & 339):** We reduced the number of object accounts used for professional services. All contracted services from an outside source specifically related to educating students are considered an educational service and is budgeted to the 321 object code. Examples would include any services that support the educational program and its administration including curriculum improvement, counseling, guidance, library, media and contracted instructional services. Tutoring services is budgeted using the 332 object code. All other contracted or technical professional services that do not have an identified object code is budgeted to the 330 object code. Examples would include all SPED contracted services e.g. (therapists, technology, graphic design, etc.).
- **Repairs & Maintenance (430, 432 & 433):** All repairs and maintenance were budgeted to the 430 object code. The only exceptions would be boilers (432) and any repair or maintenance contracted to outside vendors (433). For the most part the facilities functions are the primary users of the 433 object code for contracted maintenance programs (e.g. grounds, fire and HVAC systems, pest control, etc.).
- **Supplies (610) and Furniture & Equipment (733, 734, 737 & 738):** New accounting guidelines require that to be categorized as either furniture or equipment, the item should have a unit cost of \$400 or more (low cost computers such as Chrome Books are still budgeted as equipment). **The result of this change is an increase in the amounts budgeted to supply accounts in the FY16 budget.**
- **Software (446, 643 & 650):** New guidelines were also established for the budgeting of software. Non-IT infrastructure software is now budgeted by the appropriate operating unit in order to track the true costs of that function. In addition, guidelines were provided for the use of the appropriate software object account. These guidelines are:
 - Software purchased for installation on district computers is budgeted to the 650 object account.
 - An application that is purchased, rented or leased and run on a server outside of the district is budgeted as a software lease using the 446 object account.
 - “Software” that is purchased as an information service run on a system outside of the district is budgeted as an information access fee using the 643 object account.
- **Miscellaneous Items (890):** Many items previously budgeting in various object accounts such as supplies are now being budgeted under the miscellaneous 890 object code. Examples include: awards, flowers, graduation expenses, police details, meeting expenses, refreshments, and student and employee recognition.

SUPPLEMENTAL MATERIALS

Included in this budget book are the following budget reports:

- FY16 School Board Recommended General Fund operating budget Object Account Summary
- FY16 School Board Recommended General Fund operating budget Function Account Summary
- FY16 School Board Recommended General Fund operating budget for PES
- FY16 School Board Recommended General Fund operating budget for PMS
- FY16 School Board Recommended General Fund operating budget for PHS
- FY16 School Board Recommended General Fund operating budget for District-wide which includes the SAU and school board budgets
- FY16 School Board Recommended Food Service Fund operating budget
- FY16 School Board Recommended Grants Fund operating budget

Also included in the Exhibits section of the budget book are the following:

- PSD's Book Replacement Schedule
- Detailed PSD Chart of Accounts Listing
- Budget Sense to eFinancePLUS conversion chart

BUDGET COMMITTEE DELIBERATIONS

The primary purpose of the budget book is to present the school board's recommended budget to the budget committee and the citizens of Pelham, concentrating on the needs and reasons. We recognize that the budget committee will have additional requests for supplemental information which we will provide.

We look forward to working with you to help you in your review of the school budget.