

We, the Chester Board of Selectmen and Board of Finance, do not support the Inter-municipal agreement as we believe strongly that it has a disproportionately negative financial impact on Chester. The two Boards unanimously agreed not to approve or recommend the proposed agreement to go to a Town Meeting or referendum in Chester.

Additionally, the Chester Board of Finance, after reviewing the proposed K-12 Regionalization Plan, believe many details need to be resolved before we could endorse the Plan. Consequently we do not support the regionalization of the elementary schools as described in the May 12, 2015 plan. We believe the risks outweigh the projected financial and administrative benefits.

- (1) We do not and will not support closing Chester Elementary school or either of the other two elementary schools due to the potential risks and impacts to students, education, property values, population, and tax rates.
  - a. We do not support grade re-allocation to other schools unless the following safeguards are implemented: Cross-over vote – change to a majority vote by the Region 4 District members from the affected town(s) (not one vote).
  - b. Study Committee(s) – Board of Selectmen control and appoint the local representatives to serve on these committees. Also a member from each Board of Finance must be included in the study committee(s).
  - c. Individual affected towns must retain local control of their elementary schools and have final referendum veto power over any grade moves.
  
- (2) Elected officials in the three towns are responsible for the overall financial management of their respective towns and should exercise oversight of a regional school budget. K-12 regionalization will encompass almost 70% of towns' budgets and regionalization results in loss of checks and balances. Research needs to be done to see how this might be addressed.
  
- (3) Educational Opportunities due to regionalization:
  - a. Specifics need be presented regarding educational opportunities/benefits to students due to regionalization.
  - b. There is a need to address and protect Chester Elementary School's high statewide ranking in student achievement scores so they will not be compromised by regionalization.
  - c. How will enriched educational programs be created to address diverse educational needs, specialized staffing, equipment and resources and how will such programs be allocated across the three elementary schools – equal cost sharing or a formula?
  
- (4) Request for transparency in all the methodology and assumptions used in producing the detailed plans and budget forecasts. Additionally:
  - a. Clarity regarding what is considered maintenance and what is considered Capital costs.
  - b. Specifics on how capital costs will be paid by Towns vs. District if a school has students from more than one town attending.
  - c. Draft lease agreements for each of the three elementary schools should be provided and incorporated into the Regionalization Plan to demonstrate their impact: including length of lease; cost of maintenance of the three buildings to each town; uses of the schools if partially utilized or used by other Town agencies; termination policy; and financial impact of returning a school building back to a town.

In summary, we believe the Regionalization Plan is not ready to be approved or implemented. We strongly recommend that the issues cited above as well as others that may arise be resolved so that a consensus can be reached among the three towns.

**Grades 7 - 12 (six grade levels) Region 4**

YEARS	2009/2010	2010/2011	2011/2012	2012/2013	2013/14
Chester, Deep River and Essex	Total	Total	Total	Total	Total
Projected in 2009	973	943	949	967	967
Actuals as of 2015	972	973	956	989	974
<b>Variance Increase/(Decrease)</b>	<u>(1)</u>	<u>30</u>	<u>7</u>	<u>22</u>	<u>7</u>
% variance	-0.10%	3.18%	0.74%	2.28%	0.72%

*Above the projections were too low and below the projects were too high. What will the future really bring?*

	Projected for 14/15 in 2013		Actuals		Increase/(Decrease)	
	2014/15	2014/15	2014/15	2014/15	variance	% variance
Chester K-6	214	219	5	2%		
Deep River K-6	314	312	(2)	-1%		
<b>Essex K-6</b>	<b>428</b>	<b>407</b>	<b>(21)</b>	<b>-5%</b>		
Total K-6	956	938	(18)	-2%		
VRHS (9-12)	647	631	(16)	-2%		
JWMS (7-8)	334	332	(2)	-1%		
Region 4 (7-12)	981	963	(18)	-2%		which town(s)?
<b>Total K-12</b>	<b>1937</b>	<b>1901</b>	<b>(36)</b>	<b>-2%</b>		
Sixth Grade	158	152	(6)	-4%		

Current number of houses for sale (May 2015):

Chester	51
Deep River	69
Essex	126
	<u>246</u>

Actual Budgets																																												
A	B	B-A	C	C-B	D	D-C	E	E-D																																				
	2012/13	Increase/ (decrease) over year before	2013/14	Increase/ (decrease)	2014/15	Increase/ (decrease)	2015/16	Increase/ (decrease)	%	%	%																																	
Chester	\$ 8,886,383	26% \$ 21,494	\$ 8,440,266	\$(467,611)	\$ 8,515,185	24% \$ 74,919	\$ 8,658,318	\$ 143,133	0.9%	0.9%	1.7%																																	
Deep River	\$ 10,175,283	30% \$ 104,574	\$ 10,672,082	\$ 392,225	\$ 11,064,487	31% \$ 392,405	\$ 11,318,782	\$ 254,295	3.7%	3.7%	2.3%																																	
Essex	\$ 14,807,925	44% \$ 428,553	\$ 15,716,689	\$ 480,211	\$ 15,854,802	45% \$ 138,113	\$ 15,752,248	\$ (102,554)	0.9%	0.9%	-0.6%																																	
<b>TOTAL</b>	<b>\$ 33,869,591</b>	<b>100% \$ 554,621</b>	<b>\$ 34,829,037</b>	<b>\$ 404,825</b>	<b>\$ 35,434,474</b>	<b>100% \$ 605,437</b>	<b>\$ 35,729,348</b>	<b>\$ 294,874</b>	<b>2%</b>	<b>2%</b>	<b>0.83%</b>																																	
<table border="0" style="width:100%"> <tr> <td style="width:33%">Total 5 years of Increases</td> <td style="width:33%">E - A</td> <td style="width:33%">New Number</td> </tr> <tr> <td>Average</td> <td>\$ 1,859,757</td> <td></td> </tr> <tr> <td>Yearly Increase</td> <td>\$ 371,951</td> <td></td> </tr> <tr> <td>Average Percent Increase</td> <td>1.077%</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$ 13,156 variance Increase</td> </tr> <tr> <td></td> <td></td> <td>\$ 8,449,528</td> </tr> <tr> <td></td> <td></td> <td>\$ 11,580,571</td> </tr> <tr> <td></td> <td></td> <td>\$ 15,712,405</td> </tr> <tr> <td></td> <td></td> <td>\$ 35,742,504</td> </tr> <tr> <td></td> <td></td> <td>\$ 308,030</td> </tr> <tr> <td></td> <td></td> <td>0.87%</td> </tr> </table>												Total 5 years of Increases	E - A	New Number	Average	\$ 1,859,757		Yearly Increase	\$ 371,951		Average Percent Increase	1.077%				\$ 13,156 variance Increase			\$ 8,449,528			\$ 11,580,571			\$ 15,712,405			\$ 35,742,504			\$ 308,030			0.87%
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NEW  
Average  
Percent Increase: 1.084%

NEW  
Average  
Percent Increase: 1.077%

**NOTE:** All numbers have been derived top down. The total budget has been increased in Projection A by the percents in the current budget and Projections B and C the percent spread to the Towns is 24%, 33% and 44% per the the second and third year current method percent of budget. These percents normally would fluctuate over time (but don't in this analysis). It is not tied to specific items that might increase a budget in any particular town. If the percent distribution changes due any number of reasons, the Towns' variances would be significantly different!!! The distribution to the Towns can be manipulated significantly by changing the percent distribution of the Budget increase. This exercise was to see at what point there would be a TOTAL \$12M dollar savings over 5 years.

		Average 5 year increase at 1.08%					
<b>PROJECTION A</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>
			+ 1.08%	+ 1.08%	+ 1.08%	+ 1.08%	+ 1.08%
	<b>2015/16 BDGT</b>						
Chester	23.6% \$	8,449,528	\$ 8,752,193	\$ 8,847,087	\$ 8,943,009	\$ 9,039,971	\$ 9,137,984
Deep River	32.4% \$	11,580,571	\$ 11,441,503	\$ 11,565,554	\$ 11,690,951	\$ 11,817,707	\$ 11,945,837
Essex	44.0% \$	15,712,405	\$ 15,923,037	\$ 16,095,679	\$ 16,270,192	\$ 16,446,597	\$ 16,624,915
<b>TOTAL A</b>		<u>\$ 35,742,504</u>	<u>\$ 36,116,734</u>	<u>\$ 36,508,320</u>	<u>\$ 36,904,151</u>	<u>\$ 37,304,274</u>	<u>\$ 37,708,736</u>
	<b>NEW</b>						
<b>Current Method NEW</b>		\$ 35,924,760	\$ 35,684,342	\$ 35,445,723	\$ 35,207,104	\$ 34,972,485	\$ 34,747,866
	<b>Variance Current with above A</b>	\$ (191,974)	\$ (823,978)	\$ (1,458,428)	\$ (2,196,973)	\$ (2,934,303)	\$ (3,680,870)
<b>Regionalization Method</b>		\$ 35,726,392	\$ 35,397,470	\$ 35,068,548	\$ 34,739,626	\$ 34,410,704	\$ 34,081,782
	<b>Variance Regionalized with above A</b>	\$ (390,342)	\$ (1,110,850)	\$ (2,111,772)	\$ (3,167,527)	\$ (4,223,281)	\$ (5,279,034)
							<b>5 YR Total</b>
							<b>\$ (6,410,500)</b>

**PROJECTION B** Salary increases are between 2-3 % and salaries represent an average of 53.2 % of the budget so a 1.33 % has been used.....

		Average 5 year increase at 1.33%					
<b>PROJECTION B</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>
			+ 1.33%	+ 1.33%	+ 1.33%	+ 1.33%	+ 1.33%
	<b>2015/16 BDGT</b>						
<b>Total budget B</b>	\$	35,742,504	\$ 36,217,879	\$ 36,699,577	\$ 37,187,681	\$ 37,682,278	\$ 38,183,452
Chester	23.6% \$	8,449,528	\$ 8,556,060	\$ 8,669,856	\$ 8,785,165	\$ 8,902,008	\$ 9,020,405
Deep River	32.8% \$	11,887,895	\$ 11,887,895	\$ 12,046,004	\$ 12,206,216	\$ 12,368,559	\$ 12,533,061
Essex	43.6% \$	15,773,923	\$ 15,773,923	\$ 15,983,717	\$ 16,196,300	\$ 16,411,711	\$ 16,629,987
<b>TOTAL B</b>		<u>\$ 36,217,879</u>	<u>\$ 36,699,577</u>	<u>\$ 37,187,681</u>	<u>\$ 37,682,278</u>	<u>\$ 38,183,452</u>	<u>\$ 38,683,990</u>
<b>Current Method</b>		\$ 35,924,760	\$ 35,684,342	\$ 35,445,723	\$ 35,207,104	\$ 34,972,485	\$ 34,747,866
	<b>Variance Current with above B</b>	\$ (293,119)	\$ (1,015,235)	\$ (1,741,958)	\$ (2,475,174)	\$ (3,210,393)	\$ (3,936,084)
<b>Regionalization Method</b>		\$ 35,726,392	\$ 35,397,470	\$ 35,068,548	\$ 34,739,626	\$ 34,410,704	\$ 34,081,782
May 26, 2015	<b>Variance Regionalized with above B</b>	\$ (491,487)	\$ (1,302,107)	\$ (2,033,767)	\$ (2,735,478)	\$ (3,441,587)	\$ (4,147,699)
							<b>5 YR Total</b>
							<b>\$ (7,839,152)</b>

May 26, 2015

**PROJECTION C**

A larger percentage has been used to represent Salaries plus other increases for a total of 2% (just a placeholder)

	2015/16 BDGT	2016/17	2017/18	2018/19	2019/20	2020/2021	
		+ 2.0%	+2.0%	+2.0%	+2.0%	+2.0%	
<b>Total budget</b>	\$ 35,742,504	\$ 36,457,354	\$ 37,186,501	\$ 37,930,231	\$ 38,688,836	\$ 39,462,613	
Chester	23.6%	\$ 8,612,634	\$ 8,784,886	\$ 8,960,584	\$ 9,139,796	\$ 9,322,592	
Deep River	32.8%	\$ 11,966,499	\$ 12,205,829	\$ 12,449,945	\$ 12,698,944	\$ 12,952,923	
Essex	43.6%	\$ 15,878,222	\$ 16,195,786	\$ 16,519,702	\$ 16,850,096	\$ 17,187,098	
<b>TOTAL C</b>	100%	\$ 36,457,354	\$ 37,186,501	\$ 37,930,231	\$ 38,688,836	\$ 39,462,613	
Chester		\$ 8,652,197	\$ 8,426,423	\$ 8,458,776	\$ 8,605,545	\$ 8,663,763	
Deep River		\$ 11,569,928	\$ 11,682,507	\$ 11,800,134	\$ 12,126,849	\$ 12,356,109	
Essex		\$ 15,702,635	\$ 15,575,412	\$ 15,186,813	\$ 14,873,118	\$ 14,451,506	
<b>Current Method TOTAL</b>		\$ 35,924,760	\$ 35,684,342	\$ 35,445,723	\$ 35,605,512	\$ 35,471,378	
						5 YR Total	
Chester		\$ 39,563	\$ (358,463)	\$ (501,808)	\$ (534,251)	\$ (658,829)	\$ (2,013,787)
Deep River		\$ (396,571)	\$ (523,322)	\$ (649,811)	\$ (572,095)	\$ (596,814)	\$ (2,738,614)
Essex		\$ (175,587)	\$ (620,374)	\$ (1,332,889)	\$ (1,976,978)	\$ (2,735,592)	\$ (6,841,419)
<b>VARIANCE</b>	Current with increase C	\$ (532,594)	\$ (1,502,159)	\$ (2,484,508)	\$ (3,083,324)	\$ (3,991,235)	\$ (11,593,820)
Chester		\$ 8,384,984	\$ 8,116,640	\$ 8,085,400	\$ 8,332,532	\$ 8,422,846	
Deep River		\$ 11,882,598	\$ 11,936,027	\$ 12,068,339	\$ 12,265,769	\$ 12,364,780	
Essex		\$ 15,458,810	\$ 15,344,803	\$ 15,000,175	\$ 14,709,037	\$ 14,439,667	
<b>Regionalization Method</b>		\$ 35,726,392	\$ 35,397,470	\$ 35,153,914	\$ 35,307,338	\$ 35,227,293	5 YR Total
Chester		\$ (227,649)	\$ (668,246)	\$ (875,184)	\$ (807,264)	\$ (899,746)	\$ (3,478,089)
Deep River		\$ (83,901)	\$ (269,802)	\$ (381,607)	\$ (433,175)	\$ (588,143)	\$ (1,756,628)
Essex		\$ (419,412)	\$ (850,983)	\$ (1,519,527)	\$ (2,141,059)	\$ (2,747,430)	\$ (7,678,410)
<b>VARIANCE</b>	Regional with Increase C	\$ (730,962)	\$ (1,789,031)	\$ (2,776,317)	\$ (3,381,498)	\$ (4,235,320)	\$ (12,913,128)

### Analysis of the Original and Updated Forecasted Budgets

	2015/16 BDGT	2016/17	2017/18	2018/19	2019/20	2020/2021	Total of 5 yrs
<b>Current Method Original</b>	\$ 35,729,348	\$ 35,880,552	\$ 35,636,897	\$ 35,394,950	\$ 35,551,308	\$ 35,471,378	\$ 213,664,433
<b>Current Method New</b>	\$ 35,742,504	\$ 35,924,760	\$ 35,684,342	\$ 35,445,723	\$ 35,605,512	\$ 35,529,115	\$ 213,931,956
Variance/Increase(Decrease)	\$ 13,156	\$ 44,208	\$ 47,445	\$ 50,773	\$ 54,204	\$ 57,737	\$ 267,523
							Increase in forecasted bdgt
<b>Regionalization Method Original</b>	\$ 35,729,348	\$ 35,641,612	\$ 35,308,891	\$ 35,061,425	\$ 35,210,821	\$ 35,126,626	\$ 212,078,723
<b>Regionalization Method NEW</b>	\$ 35,742,504	\$ 35,726,392	\$ 35,397,470	\$ 35,153,914	\$ 35,307,338	\$ 35,227,293	\$ 212,554,911
Variance/Increase(Decrease)	\$ 13,156	\$ 84,780	\$ 88,579	\$ 92,489	\$ 96,517	\$ 100,667	\$ 476,188
							Increase in forecasted bdgt
<b>Variance between the two</b>							
<b>Current vs. Regionalized</b>	\$ -	\$ (238,940)	\$ (328,006)	\$ (333,525)	\$ (340,487)	\$ (344,752)	\$ (1,585,710)
<b>Current vs. Regionalized</b>	\$ -	\$ (198,368)	\$ (286,872)	\$ (291,809)	\$ (298,174)	\$ (301,822)	\$ (1,377,045)
							Original savings New savings Variance
							\$ (208,665)

Notes: Current Method is the forecasted budgets for 5 years without Regionalizing. Including declining enrollment Regionalization Method is the forecasted budgets with Regionalizing the elementary schools including declining enrollment

The new forecasted budgets start with a higher 2015/16 Actual budget and increase from there  
The new estimated savings from Regionalizing has been reduced by \$208,665 over 5 years

**REGIONALIZATION METHOD with Intermunicipal Agreement Cost Sharing**

Start of

Regionalization -

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	5 YR TOTAL
	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	
Chester	\$ 8,658,318	\$ 8,384,984	\$ 8,116,640	\$ 8,085,400	\$ 8,332,532	\$ 8,422,846	\$ 50,000,720
	23.64%	23.47%	22.93%	23.00%	23.60%	23.91%	23.91%
Deep River	\$ 11,288,938	\$ 11,882,598	\$ 11,936,027	\$ 12,068,339	\$ 12,265,769	\$ 12,364,780	\$ 71,806,451
	32.40%	33.26%	33.72%	34.33%	34.74%	35.10%	35.10%
Essex	\$ 15,795,248	\$ 15,458,810	\$ 15,344,803	\$ 15,000,175	\$ 14,709,037	\$ 14,439,667	\$ 90,747,741
	43.96%	43.27%	43.35%	42.67%	41.66%	40.99%	40.99%
<b>Total</b>	<b>\$ 35,742,504</b>	<b>\$ 35,726,392</b>	<b>\$ 35,397,470</b>	<b>\$ 35,153,914</b>	<b>\$ 35,307,338</b>	<b>\$ 35,227,293</b>	<b>\$ 217,302,652</b>
	100%	100%	100%	100%	100%	100%	100%

**INTERMUNICIPAL AGREEMENT - COST SHARING TO DEEP RIVER**

	% of BDGT above	% of BDGT above	% of BDGT above	% of BDGT above	% of BDGT above	4 YR Total Contribution
Chester	\$ 201,090	\$ 214,159	\$ 276,106	\$ 173,622	\$ 173,622	\$ 864,976
Deep River	\$ (378,793)	\$ (349,143)	\$ (365,474)	\$ (238,311)	\$ (238,311)	\$ (1,331,721)
Essex	\$ 177,703	\$ 134,984	\$ 89,368	\$ 64,690	\$ 64,690	\$ 466,744
<b>Total</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**RECALCULATED - REGIONALIZATION WITH INTER-MUNICIPAL/LOCAL AGREEMENT**

Chester	\$ 8,586,074	\$ 8,330,799	\$ 8,361,506	\$ 8,506,154
Deep River	\$ 11,503,805	\$ 11,586,883	\$ 11,702,864	\$ 12,027,458
Essex	\$ 15,636,512	\$ 15,479,788	\$ 15,089,543	\$ 14,773,727
<b>Total</b>	<b>\$ 35,726,391</b>	<b>\$ 35,397,470</b>	<b>\$ 35,153,913</b>	<b>\$ 35,307,339</b>

**RECALCULATED - SAVINGS BY TOWN AFTER INCORPORATING INTER-MUNICIPAL/LOCAL AGREEMENT vs. CURRENT METHOD**

	Total
Chester	\$ 66,123
Deep River	\$ 66,123
Essex	\$ 66,123
<b>Total</b>	<b>\$ 198,369</b>

Chester's Cost Sharing Contribution would be 71% of it's 4 year savings and Essex's contribution would be 57% of it's 4 year savings

Deep River will receive \$1.3M dollars via this intermunicipal agreement but will have incurred increases of only \$977K in the same 4 years

\* All Towns' Budgeted Dollars for Forecasted 2016/17 through 2020/21 have been provided by the Region 4 Finance Manager

**VARIANCE ANALYSIS BETWEEN CURRENT SCHOOL SYSTEM AND REGIONALIZATION FORECASTED BUDGETS - NEW**

	2015/16		2016/17		2017/18		2018/19		2019/20		2020/21	
	Current method NEW	% of Total	BDO	% of Total	BDO	% of Total	BDO	% of Total	BDO	% of Total	BDO	% of Total
Chester	\$ 8,658,318	24.2%	\$ 8,652,197	24%	\$ 8,426,423	24%	\$ 8,458,776	24%	\$ 8,605,545	24%	\$ 8,663,763	24%
Deep River	\$ 11,288,938	31.6%	\$ 11,569,928	32%	\$ 11,682,507	33%	\$ 11,800,134	33%	\$ 12,126,849	34%	\$ 12,356,109	35%
Essex	\$ 15,795,248	44.2%	\$ 15,702,635	44%	\$ 15,575,412.0	44%	\$ 15,186,813	43%	\$ 14,873,118	42%	\$ 14,451,506	41%
<b>Total</b>	<b>\$ 35,742,504</b>	<b>100%</b>	<b>\$ 35,924,760</b>	<b>100%</b>	<b>\$ 35,684,942</b>	<b>100%</b>	<b>\$ 35,445,723</b>	<b>100%</b>	<b>\$ 35,605,512</b>	<b>100%</b>	<b>\$ 35,471,378</b>	<b>100%</b>
			<b>Start of Regionalization</b>		<b>2017/18</b>		<b>2018/19</b>		<b>2019/20</b>		<b>2020/21</b>	
			BDO	% of Total	BDO	% of Total	BDO	% of Total	BDO	% of Total	BDO	% of Total
<b>Regionalized Method NEW</b>			\$ 8,384,984	23.47%	\$ 8,116,640	22.93%	\$ 8,085,400	23.00%	\$ 8,332,532	23.60%	\$ 8,422,846	23.91%
Chester	\$ 8,658,318	24.2%	\$ 8,384,984	23.47%	\$ 8,116,640	22.93%	\$ 8,085,400	23.00%	\$ 8,332,532	23.60%	\$ 8,422,846	23.91%
Deep River	\$ 11,288,938	31.6%	\$ 11,882,598	33.26%	\$ 11,936,027	33.72%	\$ 12,068,339	34.33%	\$ 12,265,769	34.74%	\$ 12,364,780	35.10%
Essex	\$ 15,795,248	44.2%	\$ 15,458,810	43.27%	\$ 15,344,803	43.35%	\$ 15,000,175	42.67%	\$ 14,709,037	41.66%	\$ 14,439,667	40.99%
<b>Total</b>	<b>\$ 35,742,504</b>	<b>100%</b>	<b>\$ 35,726,392</b>	<b>100%</b>	<b>\$ 35,357,470</b>	<b>100%</b>	<b>\$ 35,153,914</b>	<b>100%</b>	<b>\$ 35,307,338</b>	<b>100%</b>	<b>\$ 35,227,293</b>	<b>100%</b>

**Variance between the two methods (A):**

Chester	\$ -	\$ (267,213)	135%	\$ (309,783)	108%	\$ (373,376)	128%	\$ (273,013)	92%	\$ (240,917)	95%
Deep River	\$ -	\$ 312,670	-158%	\$ 253,520	-88%	\$ 268,205	-92%	\$ 138,920	-47%	\$ 8,671	-4%
Essex	\$ -	\$ (243,825)	123%	\$ (230,609)	80%	\$ (186,638)	64%	\$ (164,081)	59%	\$ (11,839)	5%
<b>Total</b>	<b>\$ -</b>	<b>\$ (198,368)</b>	<b>100%</b>	<b>\$ (286,872)</b>	<b>100%</b>	<b>\$ (291,809)</b>	<b>100%</b>	<b>\$ (298,174)</b>	<b>100%</b>	<b>\$ (244,055)</b>	<b>100%</b>

**Initial Savings due to Regionalization (B):**

Increase in transportation grant	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)
Reduction in Audit fees	\$ (43,275)	\$ (43,275)	\$ (43,275)	\$ (43,275)	\$ (43,275)
Workers Compensation Insurance savings	\$ (25,134)	\$ (25,134)	\$ (25,134)	\$ (25,134)	\$ (25,134)
Reduction of 1 Network Tech position	\$ (68,874)	\$ (68,874)	\$ (68,874)	\$ (68,874)	\$ (68,874)
Reduction in a Admin Asst position	\$ (85,315)	\$ (85,315)	\$ (85,315)	\$ (85,315)	\$ (85,315)
<b>Total</b>	<b>\$ (148,283)</b>	<b>\$ (148,283)</b>	<b>\$ (148,283)</b>	<b>\$ (148,283)</b>	<b>\$ (148,283)</b>

**Variance in savings (A) - (B):**

Total Student Hdct	1795	1734	1552	1456	1377
Change in Total Student HDCT	-61	-84	-98	-96	-79
% Change	-3%	-5%	-6%	-6%	-5%

**5 YR Total Cost/(Savings)**

Chester	\$ (1,464,302)
Deep River	\$ 981,986
Essex	\$ (836,994)
<b>Total</b>	<b>\$ (1,319,308)</b>

**5 YR Total**

REDUCTION	\$ (234,233)
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**Notes:**

\* All Towns' Estimated Budgeted Dollars for 2016/17 through 2020/21 have been provided by the Region 4 Finance Manager and are dependent on projected student enrollment forecasts. The Current Method refers to the Elementary Schools remaining separate and the Regionalized Method refers to same. New means these numbers have been updated from the 1st numbers provided.

Chester's costs go down and up over a five year period; With regionalizing costs decrease over five years by \$ 235k and there is a slight \$5k 5 year increase without regionalizing. Deep River's costs go up under both scenarios, with both methods Deep River's costs increase \$1.1M. It is slightly more expensive to Deep River to Regionalize. Essex's costs go down with both methods; under the current method Essex's costs decline \$1.2M and with Regionalization Essex's costs are reduced \$1.4M



	Start of Regionalization					TOTAL
	15-16	16-17	2nd year 17-18	3rd year 18-19	4th year 19-20	
Elem Students	209	196	188	186	183	177
Year to year reduction %		-13	-8	-2	-3	-6
		-6%	-4%	-1%	-2%	-3%
Elementary Costs	\$ 4,224,986	\$ 4,307,393	\$ 4,307,726	\$ 4,412,603	\$ 4,559,535	\$ 4,732,126
Variance YR to YR %		82,407	333	104,877	146,932	172,591
		2%	0%	2%	3%	4%
Region 4 Costs	\$ 4,433,332	\$ 4,344,804	\$ 4,118,697	\$ 4,046,173	\$ 4,046,010	\$ 3,931,837
Variance YR to YR %		(88,528)	(236,107)	(72,524)	(163)	(114,373)
		-2%	-5%	-2%	0%	-3%
<b>TOTAL COSTS CURRENT METHOD</b>						
Variance YR TO YR %	\$ 8,658,318	\$ 8,652,197	\$ 8,426,423	\$ 8,458,776	\$ 8,605,545	\$ 8,663,763
		(6,121)	(225,774)	32,353	146,769	58,218
		0%	-3%	0%	2%	1%
<b>Total Costs with REGIONALIZATION</b>						
Variance YR TO YR %	\$ 8,658,318	\$ 8,394,984	\$ 8,116,640	\$ 8,085,400	\$ 8,332,532	\$ 8,422,846
		(273,334)	(288,344)	(31,240)	247,132	90,314
		-3%	-3%	0%	3%	1%
<b>Variance BETWEEN THE TWO METHODS</b>						
Dollars	\$ (267,213)	\$ (309,783)	\$ (373,376)	\$ (273,013)	\$ (240,917)	\$ (1,464,302)
%		-3%	-4%	-4%	-3%	-3%
Elementary Cost per Student current method	\$ 20,215	\$ 21,976	\$ 22,913	\$ 23,724	\$ 24,915	\$ 26,735
Elementary Cost per student with Regionalization						

Questions:

- What is Chester's Student enrollment in Region 4 by Grade?
- Why is Chester getting a savings in the Region 4 expenditures and not the Elementary School without Regionalization?
- Why is Chester getting a savings with Regionalization? Is it in the Elementary School costs or just the ADM shift at the Middle and High School levels?

**DEEP RIVER**

	15-16	Start of Regionalization	2nd year	3rd year	4th year	5th year	TOTAL
	15-16	16-17	17-18	18-19	19-20	20-21	
Elem Students	303	283	271	244	222	220	
Year to year reduction							
%			-20	-12	-27	-22	-83
			-7%	-4%	-10%	-9%	-25%
Elementary Costs	\$ 5,434,500	\$ 5,539,527	\$ 5,503,520	\$ 5,548,649	\$ 5,504,405	\$ 5,499,290	
Variance		\$ 105,027	\$ (36,007)	\$ 45,129	\$ (44,244)	\$ (5,115)	
%		2%	-1%	1%	-1%	0%	
Region 4 Costs	\$ 5,854,438	\$ 6,030,401	\$ 6,178,987	\$ 6,251,485	\$ 6,622,444	\$ 6,856,819	
Variance		\$ 175,963	\$ 148,586	\$ 72,498	\$ 370,959	\$ 234,375	
%		3%	2%	1%	6%	4%	
<b>TOTAL COSTS CURRENT METHOD</b>							
	\$ 11,288,938	\$ 11,569,928	\$ 11,682,567	\$ 11,800,134	\$ 12,126,849	\$ 12,356,109	
Variance YR TO YR		\$ 280,990	\$ 112,579	\$ 117,627	\$ 326,715	\$ 229,260	
%		2%	1%	1%	3%	2%	
<b>Total Costs with REGIONALIZATION</b>							
	\$ 11,288,938	\$ 11,882,558	\$ 11,936,027	\$ 12,058,339	\$ 12,265,769	\$ 12,364,780	
Variance YR TO YR		\$ 593,660	\$ 53,429	\$ 132,312	\$ 197,431	\$ 99,011	
%		5%	0%	1%	2%	1%	
<b>Variance BETWEEN THE TWO METHODS</b>							
Dollars	\$ 312,670	\$ 312,670	\$ 253,520	\$ 268,205	\$ 138,920	\$ 8,671	
%	3%	3%	2%	2%	1%	0%	
Elementary Cost per Student current method	\$ 17,936	\$ 19,574	\$ 20,308	\$ 22,740	\$ 24,795	\$ 24,997	

**ESSEX**      Start of Regionalization      2nd year      3rd year      4th year      5th year

15-16      16-17      17-18      18-19      19-20      20-21

Elem Students	407	367	330	307	284	269
Year to year reduction %		-40 -10%	-37 -10%	-23 -7%	-23 -7%	-15 -5%
Elementary Costs	\$ 7,603,301	\$ 7,390,511	\$ 7,040,463	\$ 6,889,928	\$ 6,844,667	\$ 6,772,902
Variance		(\$ 212,590) -3%	(\$ 350,048) -5%	(\$ 150,535) -2%	(\$ 45,261) -1%	unknown -1%
Region 4 Costs	\$ 8,192,147	\$ 8,312,124	\$ 8,534,949	\$ 8,296,885	\$ 8,028,451	\$ 7,678,604
Variance		\$ 119,977 1%	\$ 222,825 3%	(\$ 238,064) -3%	\$ 1268,434 -3%	(\$ 349,847) -4%
<b>TOTAL COSTS CURRENT METHOD</b>						
Variance YR TO YR	\$ 15,795,248	\$ 15,702,635	\$ 15,575,412	\$ 15,186,813	\$ 14,873,118	\$ 14,451,506
%		(\$ 92,613) -1%	(\$ 127,223) -1%	(\$ 388,599) -2%	(\$ 313,695) -2%	(\$ 421,612) -3%

<b>Total Costs with REGIONALIZATION</b>						
Variance YR TO YR	\$ 15,795,248	\$ 15,458,610	\$ 15,344,803	\$ 15,000,175	\$ 14,709,037	\$ 14,439,667
%		(\$ 336,438) -2%	(\$ 114,007) -1%	(\$ 344,628) -2%	(\$ 291,138) -2%	(\$ 269,370) -2%

<b>Variance BETWEEN THE TWO METHODS</b>						
Dollars	\$ 243,825	\$ (230,609)	\$ (186,638)	\$ (164,081)	\$ (11,839)	\$ (11,839)
%		-2%	-1%	-1%	0%	-1%

Elementary Cost per Student current method	\$ 18,681	\$ 20,138	\$ 21,335	\$ 22,443	\$ 24,101	\$ 25,178
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TOTAL

\$ (830,199)      -11%

\$ (513,543)      -6%

\$ 91,564,732

\$ (1,343,742)      -9%

\$ 90,747,741

\$ (1,355,581)      -9%

\$ (636,991)      -1%