

Budget 101:

How Your School Budget is Put Together



A presentation by Eric Larson
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Denville Township Schools
February 10, 2014

Just a reminder that...

Denville School District is K-8 **ONLY**



Lakeview
K-5
673 Students
Built 1957



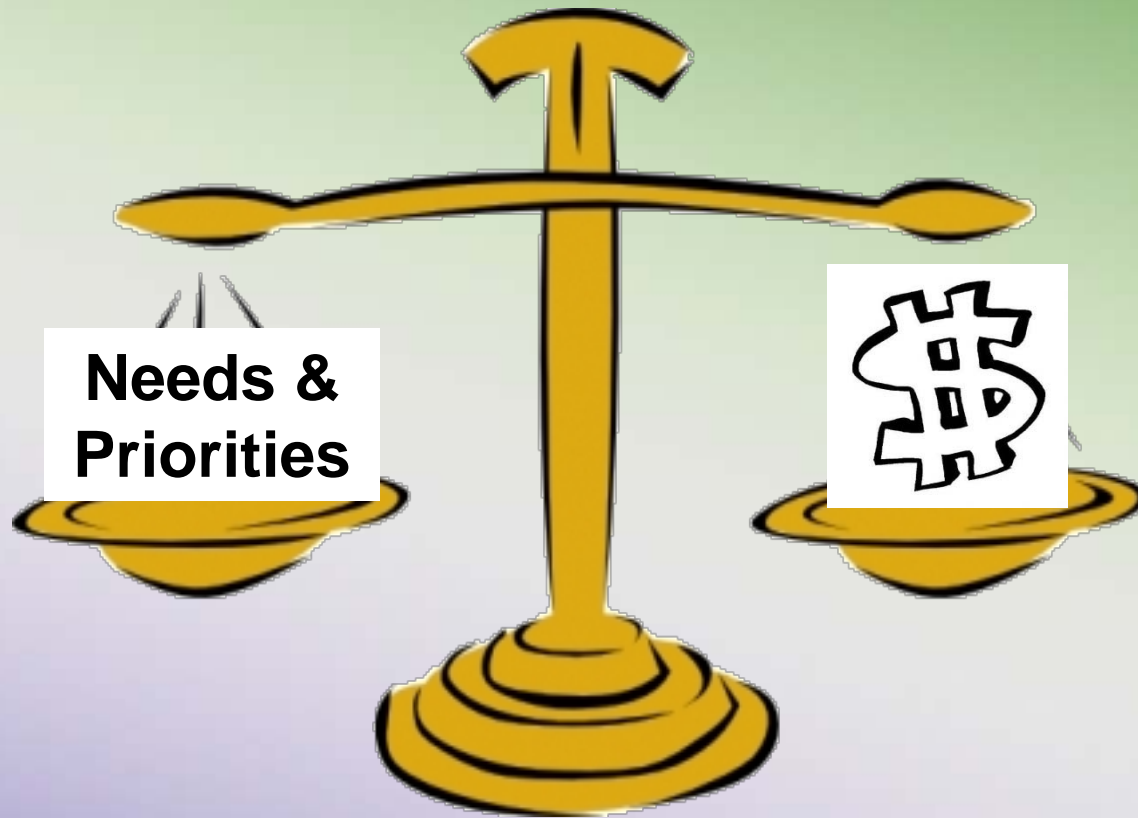
Riverview
K-5
403 Students
Built 1951



Valleyview
6-8
651 Students
Built 1962

3 Schools - 1727 Students*

What is a School Budget?

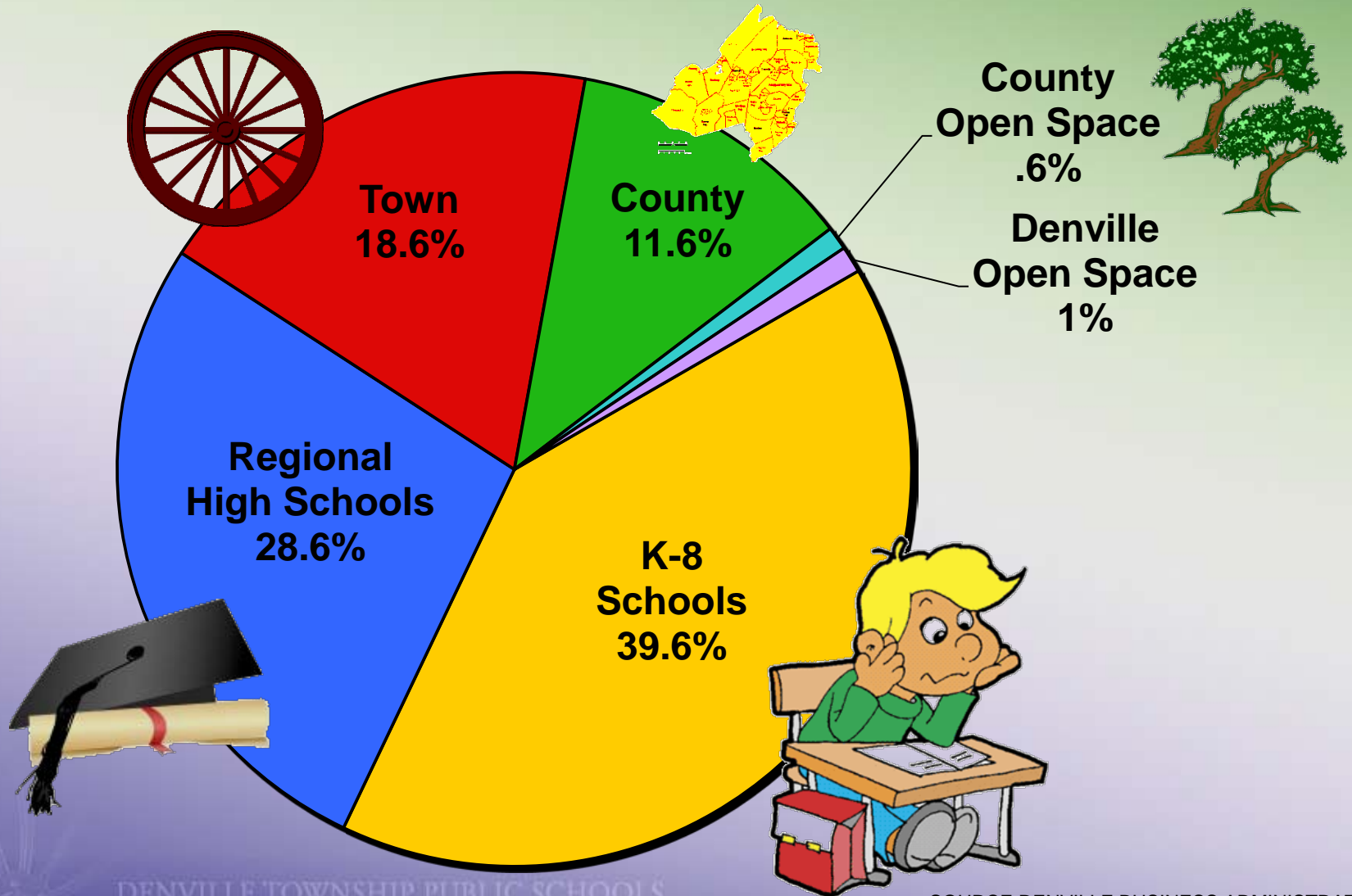


Your School's Fiscal Year (July 1st - June 30th)

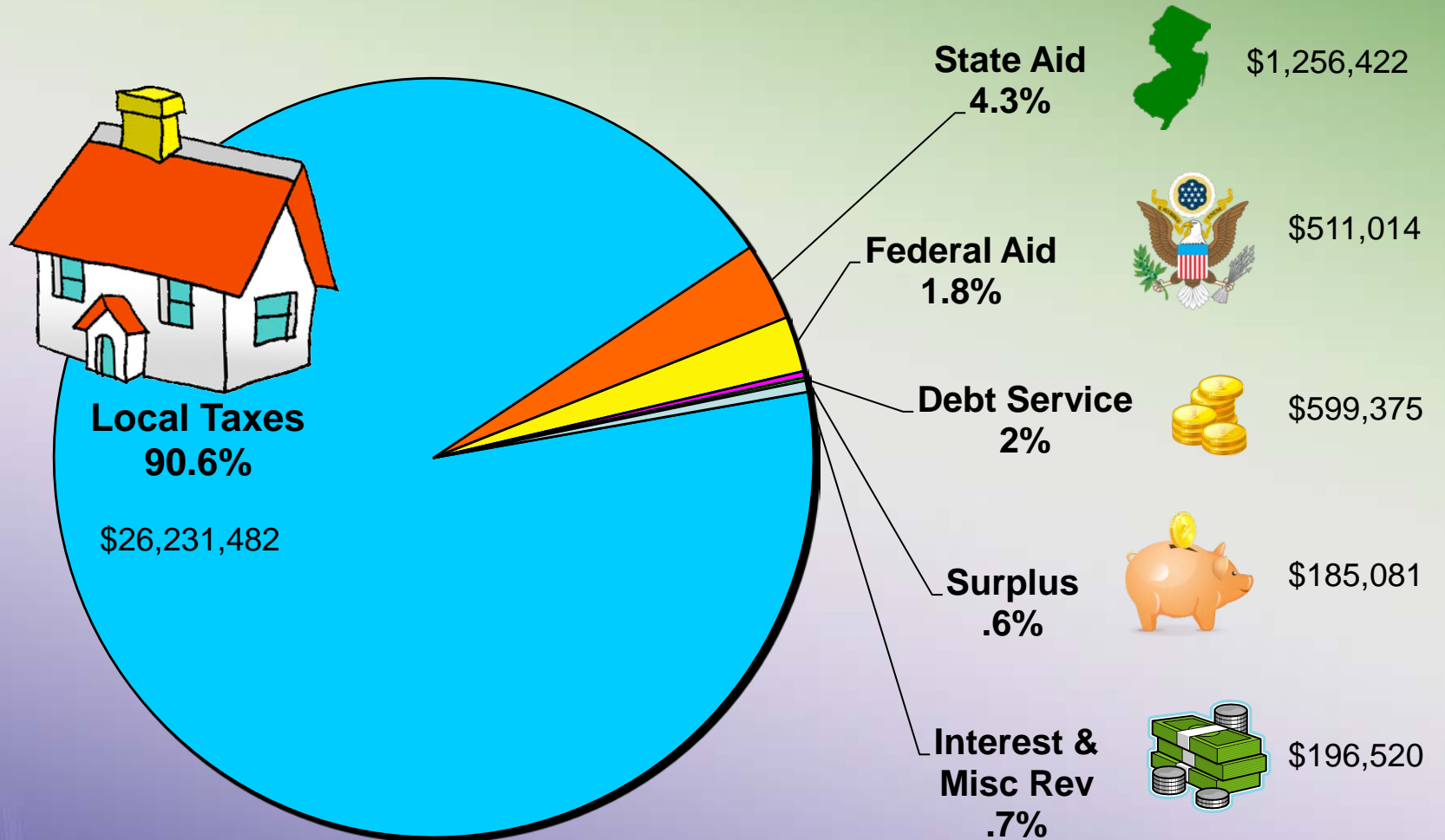
It's Developed December - February of the *preceding* year

Submitted to you for review in March/April

Where do Our Property Taxes Go?



Where does your Denville K-8 school budget revenue come from?



Where does the K-8 money go?



Salaries



Benefits



Out of District
Tuition



Professional
Services



Utilities



Repairs &
Maintenance



Transportation
& Equipment



Supplies

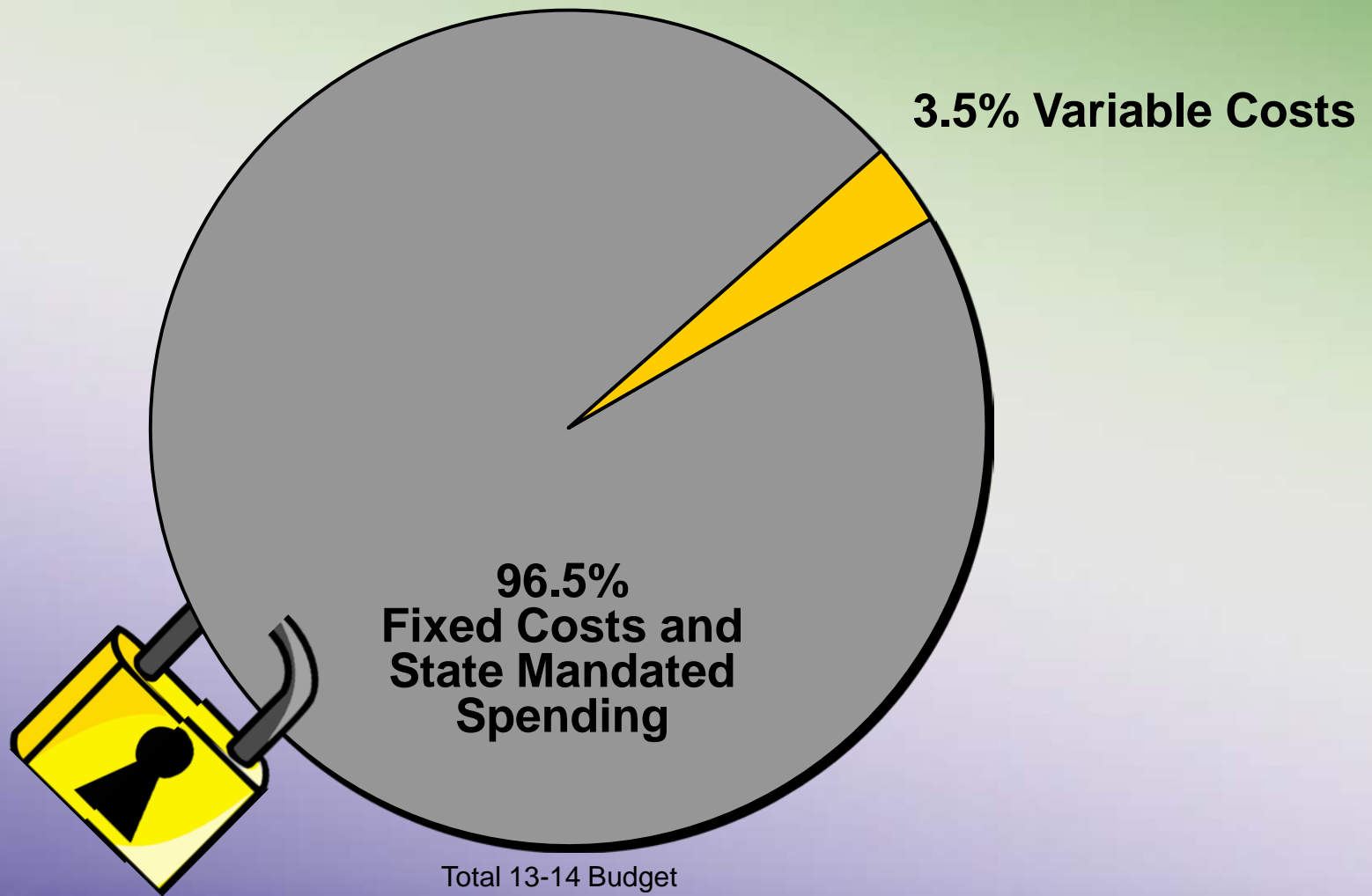
How do we build your K-8 Budget?

Step 1 - Review Required Spending

- + **Contracted Salaries**, (Negotiated, then fixed for 3 years)
- + **Contracted Health Benefits** (Negotiated, then the plans are fixed for 3 years, however the costs are not.)
- + **Mandated Special Education Spending**
- + **Mandated Professional Services**: Lawyer, Auditor, Architect
- + **Essential Building Maintenance**: Custodial supplies & repairs
- + **Transportation**: Required maintenance, fuel, state mandates
- + **Mandated Insurances**
- + **Fixed Equipment Costs** (financing on computers, trailers, buses)
- + **State Mandated Testing Services, Mandated Election Costs**

TOTAL REQUIRED SPENDING

Required Spending made up 96.5% of total budget in 2013-14



Leaving 3.5% variable costs for things like...

- Textbooks
- General supplies for departments
- Unexpected State mandates throughout the year
- Or other possible improvements to programs, instruction or facilities.....



How do we build your Budget?

Step 2 – Identify Variable Costs

- + Trends analysis to estimate any increases in current costs (done by Business Admin.)**
- + Superintendent, Principals & District Administration review:**
 - + Curriculum needs**
 - + State mandates**
 - + Textbook review cycle**
 - + Professional development**
 - + Building equipment**
 - + Classroom supplies**
 - + Technology needs**

TOTAL VARIABLE COSTS

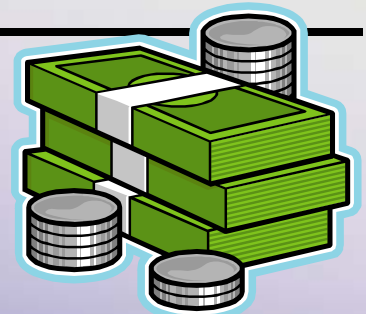
How do we build your Budget?

Step 3 - Estimate Aid & Income

(Revenue, other than Local Taxes)

- + **State Aid:** Given by Department of Ed, figures expected at the end of February.
- + **Federal Aid:** Calculated on prior year analysis. Federal Aid can fluctuate from year to year with Federal Program changes.
- + **Miscellaneous:** Extra Curricular activity fees
- + **Tuition:** Based on current/expected contracts and trend analysis

TOTAL REVENUE NOT FROM TAXES



How do we build your Budget?

Step 4 - Calculate Tax Levy



+

TOTAL REQUIRED SPENDING

TOTAL VARIABLE COSTS

-

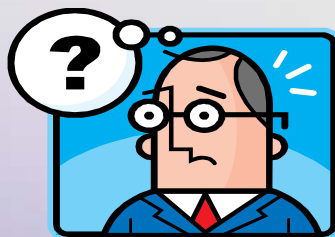
(TOTAL REVENUE NOT FROM TAXES)

**LOCAL TAXES NEEDED TO
SUPPORT BUDGET**

***Step 4 Cont.:
Calculation of Your K-8 Tax Levy***

Budget Cap:

Legally, local tax levy increase
cannot exceed **2%** per year



But what if the result is over 2%?

We have 4 options

1. **Cut Expenses**

- Cuts done in consultation with Administrative Staff, Finance Committee and Board of Ed, the Superintendent's Office and the Business Office.

2. **Implement CAP adjustments**

- Adjustment for increases in health care costs
- Adjustment for increase in pension liability costs

3. **Tap into Surplus (aka Emergency Fund)**

- Denville has **\$640,914** in current surplus right now, which is around where state recommends (State allows a 2% surplus)

4. **Banked Cap**

- Recapture amount under cap for last two years



5 Steps of how your Budget is approved

Board assembles the Preliminary Budget

Presented to Public and Board of Ed votes to approve

Budget is sent out for County approval

Approved Budget is presented to the public

Board Votes to approve and Budget is Final

We want to hear from you!

Please let us know what else **you'd like** to know about the budget process.



Please submit any questions to the Superintendent at cmozak@denville.org, so we can begin responding at the next board meeting.

Next Board of Education Meeting

**February 24, 2014
Riverview School
7:30 PM**

Let's continue the conversation!



Thank you.