

Budget 101:

How Your School Budget is Put Together



A presentation by Michael Davison
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Denville Township Schools
February 6, 2012

Just a reminder that...

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



Lakeview
K-5
718 Students
Built 1957



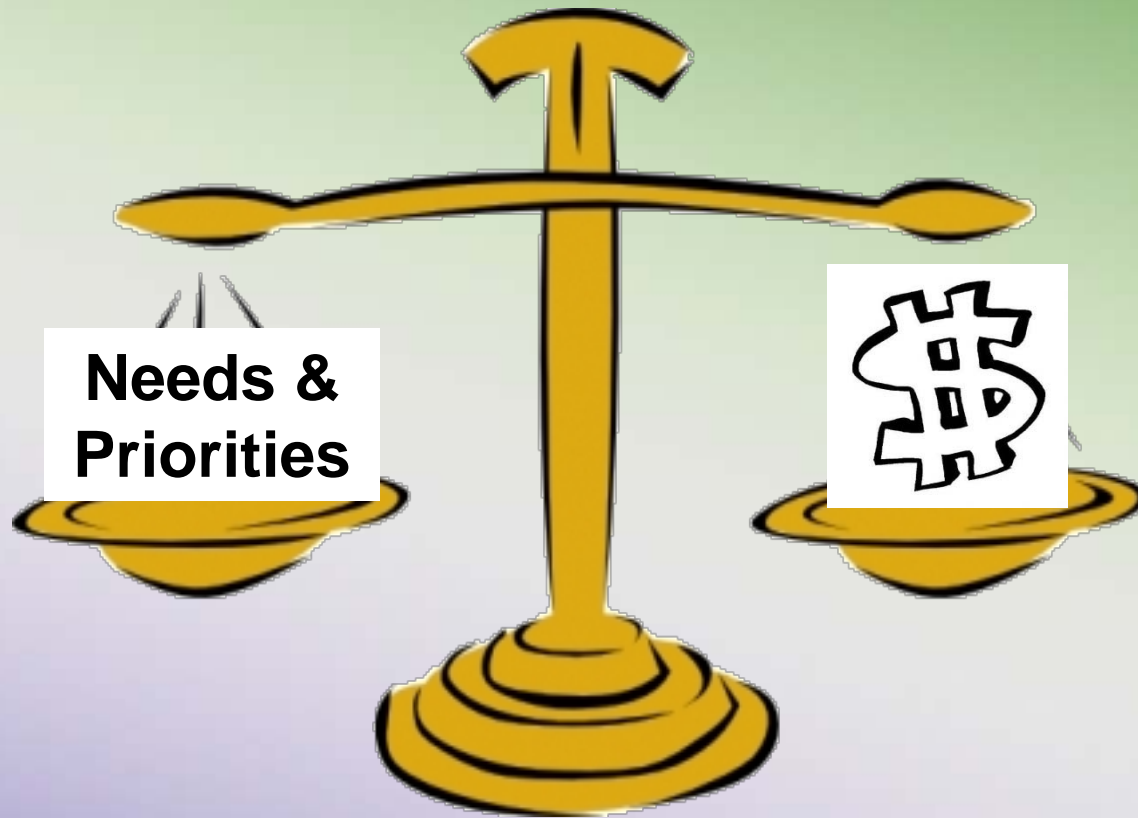
Riverview
K-5
431 Students
Built 1951



Valleyview
6-8
683 Students
Built 1962

3 Schools - 1832 Students*

What is a School Budget?

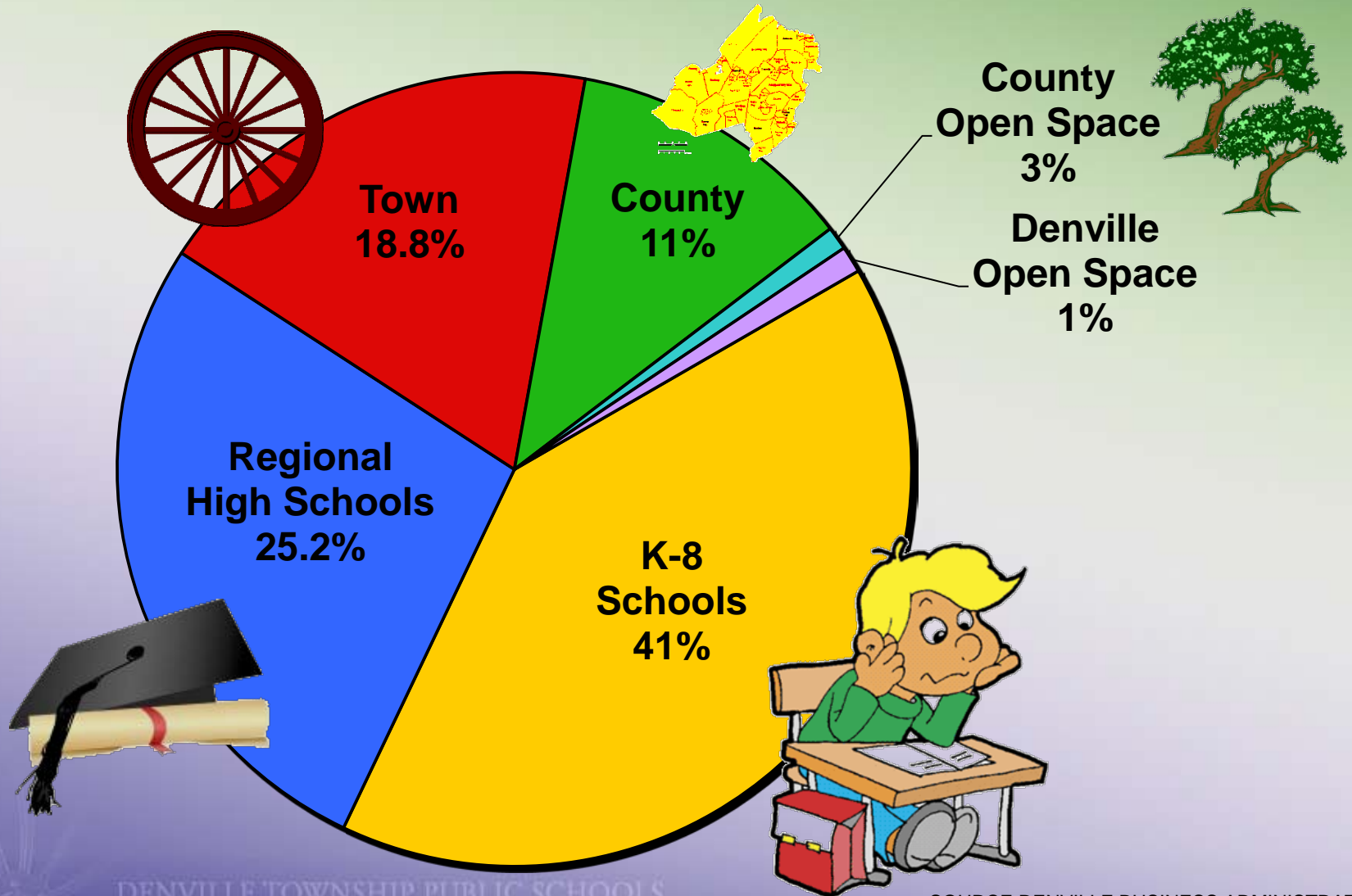


Your School's Fiscal Year (July 1st - June 30th)

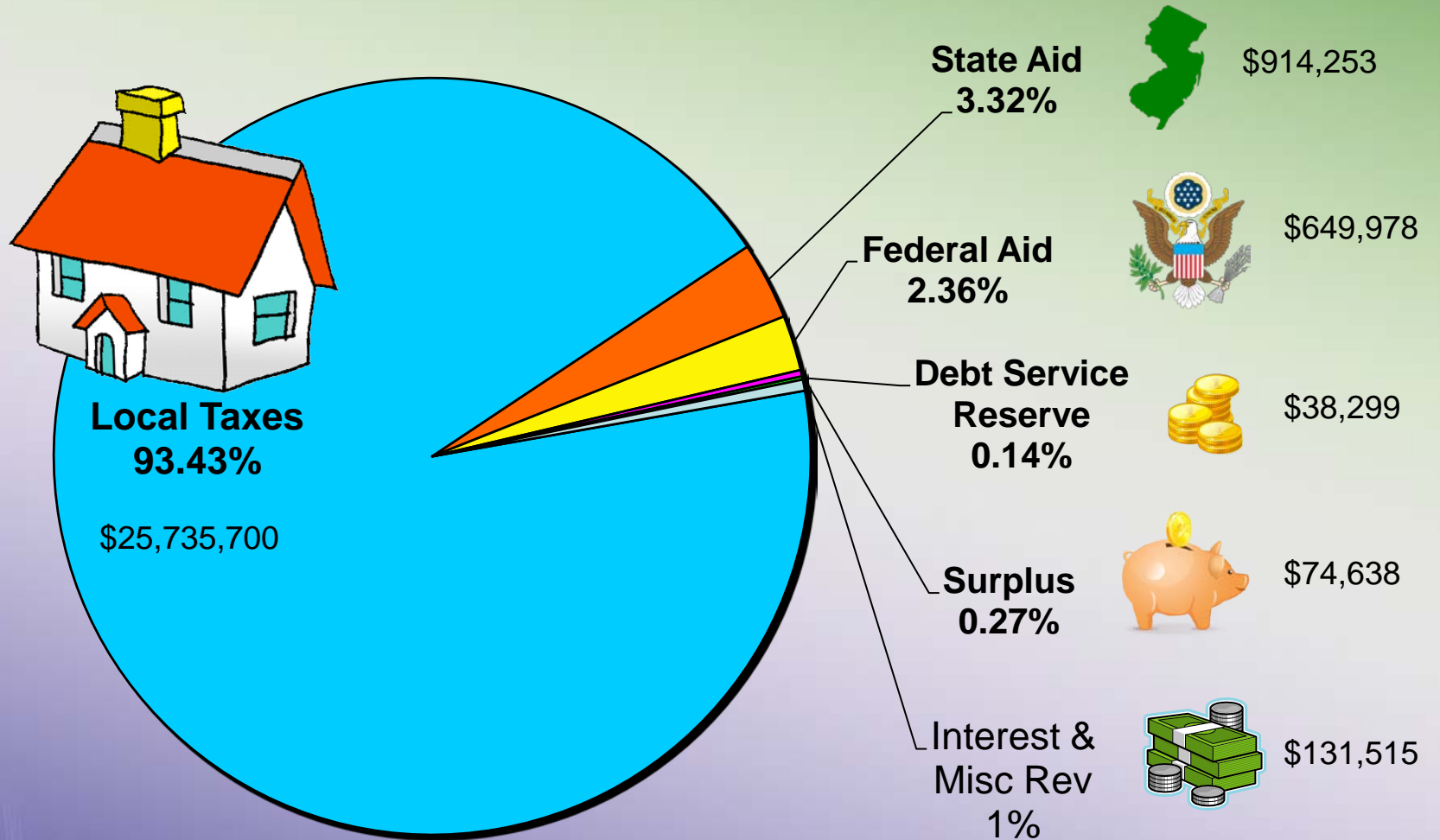
It's Developed December - February of the *preceding* year

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

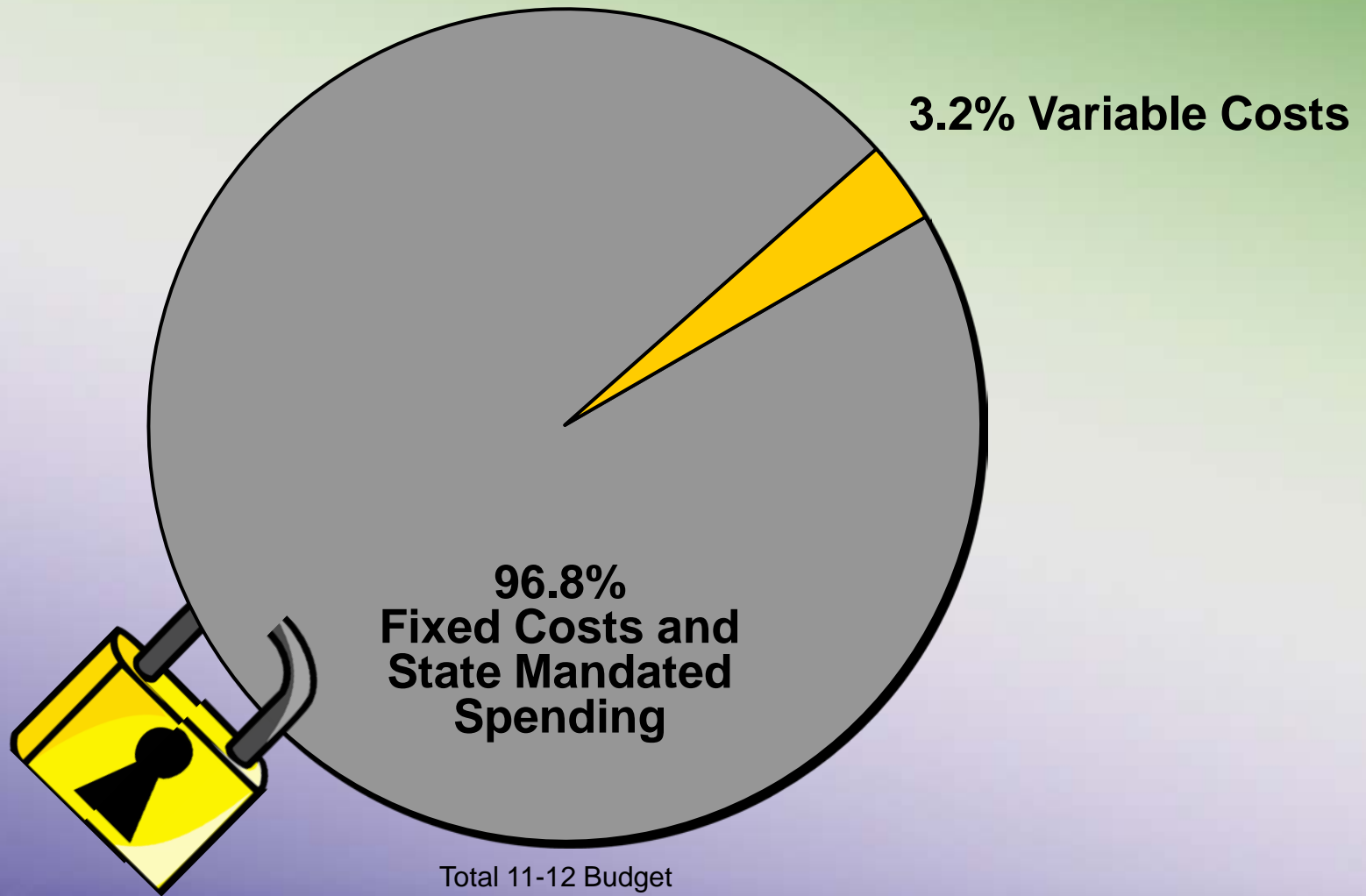
How do we build your K-8 Budget?

Step 1 - Review Required Spending

- + **Contracted Salaries**, (Negotiated, then fixed for 3 years - usually)
- + **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**

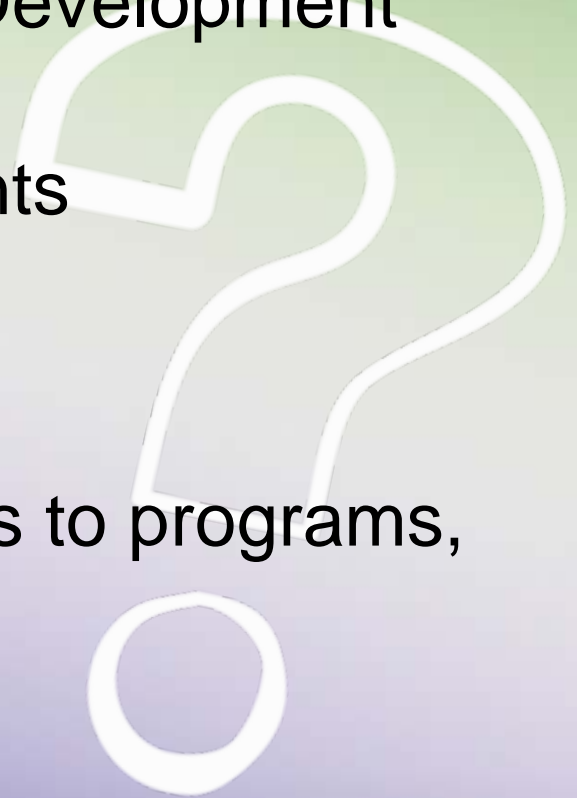
TOTAL REQUIRED SPENDING

Required Spending made up 96.8% of total budget in 2011-12



Leaving 3.2% variable costs for things like...

- Textbooks
- Teacher training/Professional Development
(actually becoming a mandated cost)
- 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

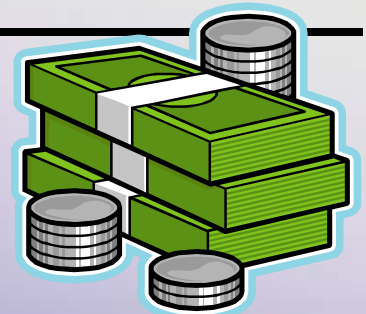
How do we build your Budget?

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.
- + **Bank Interest:** Calculated by trend analysis and projections
- + **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

-

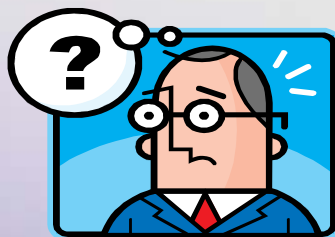
(TOTAL REVENUE NOT FROM TAXES)

**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 3 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 **\$632,547** in current surplus right now, which is around where state recommends
(State allows a 2% surplus)



Second Questions

- Second questions are additional spending proposals
- Need 50% +1 for approval
- Appears as another line during budget vote
- Cannot contain programs needed to run the school, in order to give students a State defined “Thorough and Efficient” Education. For example: You could not choose to have/have not a Principal.

8 Steps of how your Budget is approved

Board assembles the Preliminary Budget

Preliminary Budget is presented to the taxpayers

Board of Ed votes to approve

Budget is sent out for County approval

When approved it becomes the Final Budget

Final Budget is presented to the public

Board Votes to approve the Final Budget

Then...

New Election Law

- One of two things will happen next.
 - If the Board of Education, the Town Council, or 15% of the voters elect to move the School Board Elections to November, the Final Budget, so long as it is at or below CAP, will be accepted and implemented.

OR

- The Public will have to vote on the 3rd Tuesday in April.

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 dclark@denville.org, so we can begin responding at the next board meeting.

Next Board of Education Meeting

**February 23, 2012
Riverview School
7:30 PM**

Let's continue the conversation!



Thank you.