

2018-2019 Preliminary Budget



South Orange-Maplewood
School District

March 10, 2018

Projected Revenue 2018–19

| Revenue Source | 2017–18 | Projected 2018–19 | % Change |
|------------------------------------|--|--|----------|
| Operating Budget Local Tax Levy | 115,755,202 | 118,070,306 (at 2% tax increase) | 2.0% |
| State Aid | 4,307,567 <u>241,960</u> 4,549,527 | 4,549,527 | 0.0% |
| Capital Reserve | 0 | 0 | |
| Audited Fund Balance | 2,389,338 | 2,389,338 | 0.0% |
| Miscellaneous (incl. tuition) | 375,000 | 475,000 | 26.7% |
| Debt Service | 4,169,235 | 4,073,275 | –2.3% |
| State/Federal | 3,357,525 | 3,014,472 | –10.22% |
| Total Revenue | 130,595,827 | 132,571,918 | 1.51% |

Additional Revenue

1,976,091

Tax Levy Cap Adjustments & Banked Cap

| Year | Allowable Adjustments (Health / Enrollment) | Adjustments / Banked Cap Used | Banked Cap Available |
|-----------|--|----------------------------------|-------------------------|
| 2013-2014 | 884,103 | 475,000 | 409,103 |
| 2014-2015 | 970,247 | 0 | 970,247 |
| 2015-2016 | 588,254 | 440,500 | 147,754 |
| 2016-2017 | 0 | 409,103 | 0 |
| 2017-2018 | 823,744 | 1,793,991 | 0 |

\$147,754 of banked cap expires if not used for 2018–2019

| 2018-2019 Allowable Adjustments & Available Banked Cap | |
|--|-----------|
| Allowable Adjustments (Health / Enrollment) | Available |
| *326,831 | 147,754 |

*Estimated – May change

2018–2019 Appropriations

Appropriations are aligned with district goals

- ▶ Staffing remains level
- ▶ Data Warehouse
- ▶ Multiple Measures
- ▶ Online Registration
- ▶ Professional Development in Restorative Practices

2018–2019 Appropriations

Appropriations are aligned with district goals

STEM Re-alignment

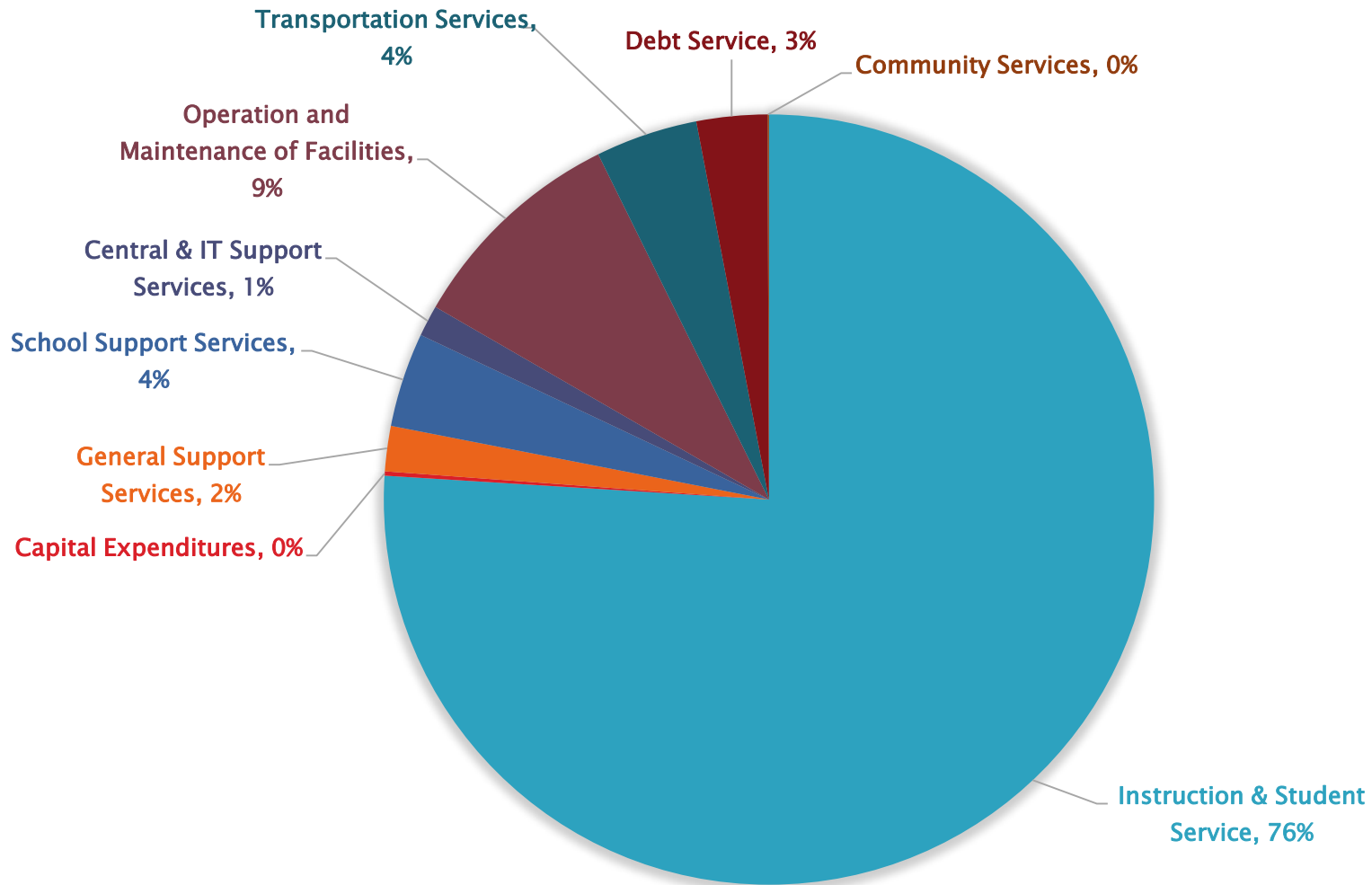
- ▶ Curriculum development
- ▶ Technology resources
- ▶ Professional development
- ▶ Program enhancements
- ▶ Text books
- ▶ Summer school / in school

Projected Appropriations 2018–19

| Category | 2017–2018 Revised Budget | Proposed | Change |
|--|-----------------------------|-------------|-----------|
| Salaries & Contract Services | 72,188,213 | 76,922,017 | 4,733,804 |
| Health Benefits | 14,712,700 | 15,559,900 | 847,200 |
| Tuition | 14,001,027 | 15,147,411 | 1,146,384 |
| Transportation | 5,729,206 | 6,038,480 | 309,274 |
| Other Benefits | 3,334,861 | 3,304,061 | –30,800 |
| School / Department | 3,351,906 | 3,164,665 | –187,241 |
| Technology, curriculum, Maintenance & Operation, Utilities, BOE/Central Admin, Legal, Special Services | 17,446,863 | 17,237,996 | –208,867 |
| Total | *130,764,776 | 137,374,530 | 6,609,754 |

*Does not include year end encumbrances as of 6/30/17 and local grants.

PROPOSED 2018-2019 BUDGET



2018–19 Revenue vs. Appropriations

| | 2017–2018 Revised | 2018–2019 Preliminary | Diff | % Diff |
|----------------------------------|----------------------|--------------------------|-----------|--------|
| Revenues | 130,764,776 | 132,571,918 | 1,807,142 | 1.38% |
| | | | | |
| Expenditures | 130,764,776 | 137,374,530 | 6,609,754 | 5.05% |
| | | | | |
| 2018–2019 Budget Gap to Close | | | 4,802,612 | |

Managing the \$4.8 Million Budget Deficit

| | |
|-------------------------------------|-------------|
| ▶ Additional Medicaid | \$ 13,959 |
| ▶ Health / Enrollment Adj. | \$ 326,831 |
| ▶ Banked Cap | \$ 147,754 |
| ▶ Maintenance Reserve | \$1,000,000 |
| ▶ **Spending Freeze and Breakage | \$3,314,068 |

**Estimate

Managing the \$4.8 Million Budget Deficit

- ▶ Spending Freeze – Temporary hold on non critical facility projects, supplies, etc.
- ▶ Maximize use of SEMI Funding
- ▶ Increased use of E-rate funding
- ▶ Using Gov Deals for selling obsolete equipment
- ▶ Using co-op purchasing agreements to maximize buying power.
- ▶ Using shared service agreements to maximize buying power.

2018-19 Preliminary Proposed Budget

| | Projected | Final (Preliminary) | Diff |
|--------------|-------------|---------------------|-----------|
| Revenues | 132,571,918 | 137,374,530 | 4,802,612 |
| Expenditures | 137,374,530 | 137,374,530 | 0 |
| | -4,802,612 | 0 | |

Estimated Tax Impact

| | |
|------------------------------------|---------------|
| Tax Levy CAP | \$118,070,306 |
| Operating Budget Tax Impact (est.) | 2.00% |
| Debt Service | *\$3,744,806 |
| Local Tax | \$121,815,112 |
| Operating & Debt Tax Impact (est.) | 1.93% |
| Banked Cap & Adj | \$474,585 |
| Local Tax | \$122,289,697 |
| Tax Impact (est.) | 2.34% |

*Debt Service minus Anticipated Debt Service Aid
(\$328,469)

Next Steps



Tentative Budget Calendar

- ▶ ~~Jan 22~~ ~~BOE meeting: First Budget Presentation (Revenue)~~
- ▶ ~~Feb 3~~ ~~Budget Workshop (Revenue)~~
- ▶ ~~Feb 20~~ ~~BOE meeting: Budget Discussion~~
- ▶ ~~Mar 7~~ ~~Budget workshop - Cancelled~~
- ▶ Mar 10 Budget Workshop
- ▶ Mar 13 Governor's State Budget Message
- ▶ Mar 15 (est.) State Aid Notices
- ▶ Mar 19 BOE: meeting: Budget Discussion
- ▶ Mar ?? (Tentative) BOE meeting: Budget Workshop
- ▶ Mar 26 BOE: Approve Preliminary Budget
- ▶ Mar 29 BOE meeting - Last day to submit 2018-19 Budget to County
- ▶ Apr 30 (Tentative) Special meeting - *Public Hearing on Budget /action to levy 2018-19 school tax*

FAQ



Why does the pie chart show the district budgeted 0% for capital expenditures?

- ▶ There is a rounding error. Capital funds are allocated to purchase new school vehicles
- ▶ The district is looking to bond to improve district facilities.

What is the rationale for out of district placements?

- ▶ Specific students needs must be met.
- ▶ Placements are selected to match student needs.

What is the rationale for out of state placements?

- ▶ These are unilateral placements supported by court decisions

Why are students placed in “non-approved” out of district schools?

- ▶ State pre-approves schools
- ▶ 6A:14–6.5, 18A:46–14
- ▶ Naples case
- ▶ Students sent to non-approved schools are approved by the state before placement

What proactive action is the district taking to address out of district placements?

- ▶ Began addressing this by adding staff to improve programs and services.
- ▶ Strengthened social emotional programs which resulted in students returning to the district.
- ▶ Working on strengthening intervention and support services.
- ▶ Plan on providing professional development to improve quality of programs and services.
- ▶ Positioning the district for a data driven approach toward instruction.

Audit Report

| | |
|--|--------------|
| ▶ Reserve for Excess Surplus | \$ 2,389,338 |
| ◦ 16-17 Included as tax relief for 2018-19 | |
| ▶ Reserve for Excess Surplus | \$ 2,389,338 |
| ◦ Included in current budget | |
| ◦ 15-16 tax relief for 17-18 | |
| ▶ Capital Reserve | \$ 1,845,184 |
| ◦ Can only be used for capital projects | |
| ▶ Maintenance Reserve | \$ 1,000,000 |
| ◦ Can only be used for maintenance | |
| ▶ Year end Encumbrances | \$ 1,905,619 |
| ◦ Goods/services order before 7/1/17 | |
| ▶ Unassigned Fund Balance | \$ 2,943,701 |
| ◦ Required emergency fund | |
| ▶ Fund Balance | \$12,473,181 |