

An aerial photograph of a school campus. In the center is a large, multi-story school building with a dark roof. To the right of the building is a red running track and a green football field. In the foreground, there is a large parking lot with several cars. The campus is surrounded by green lawns and trees with autumn foliage. The background shows a dense forest of trees with vibrant fall colors.

Vernon Township School District  
**Overview**  
Budget Process & District Status

**Presented by:**  
Raymond Slamb, School Business Administrator



# BUDGET TIMELINE

*Adoption and Filing of Tentative Budget, Districts must prepare an itemized budget and submit the budget to the executive county superintendent of schools on or before March 20th N.J.S.A. 18A:7F-5 and 18A:7F-6*



Oct - Nov

Dec - Jan

Feb

Mar

Apr

## PRELIMINARY DATA

Gather information on prior & current year spending

Create budget calendar

## VERIFICATION & PLANNING

Verify and validate personnel costs, determine fixed costs, calculate anticipated increases

## PRELIMINARY BUDGET SUBMISSION PREP

Preparation of the Preliminary Budget submission and associated support documents

## PRELIMINARY BUDGET SUBMISSION

Preparation of the Final Budget submission and associated support documents

## BUDGET PRESENTATION & FINAL SUBMISSION

Presentation of the Finalized Budget for the Board of Education and all stakeholders





# Preliminary Data Analysis

## Where Do We Start?



### CURRENT PERFORMANCE

Evaluate how the current budget is functioning based upon the original intentions

### AREAS OF SUCCESS



Savings

+

Budget Accuracy

+

Smart Purchasing

+

### DEFICIENCIES



Under-budgeting

-

Unplanned spending

-

Inefficient Purchasing

-

### VARIABLES TO FUNDING NEEDS

- Grade/Class Size
- Staffing Needs
- Facilities Maintenance
- Changes in student needs
- New Programs/Initiatives
- Replacement of Legacy Systems

### ACTION PLAN

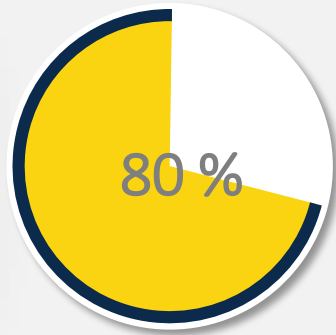


- Create a Budget Calendar to keep efforts on schedule
- Schedule meeting with key district leaders to determine wants, needs, and priorities
- Share data from initial analysis with those leaders – share insight

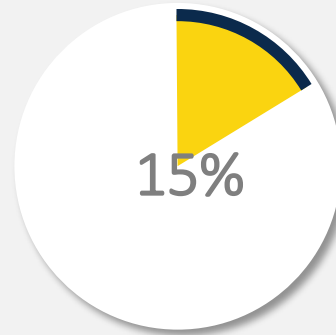


# Verification & Planning

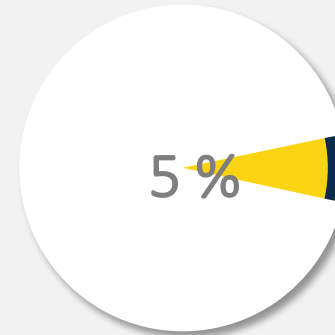
Personnel Costs, Fixed Costs, and Anticipated Increases




Personnel  
Costs



Fixed  
Costs



Flexible  
Allocations

 3/3  
TOTAL TASKS DONE

- Personnel costs account for approximately 70-80% of most school budgets, these costs must be accurately accounted for prior to allocating any other funding!
- Fixed costs must then be budgeted to ensure a safe and functional environment in which our students can learn, increased costs must also be accounted for
- The remaining funding can be allocated as needed based upon the previously determined wants/needs

## BUDGET PREP TASKS

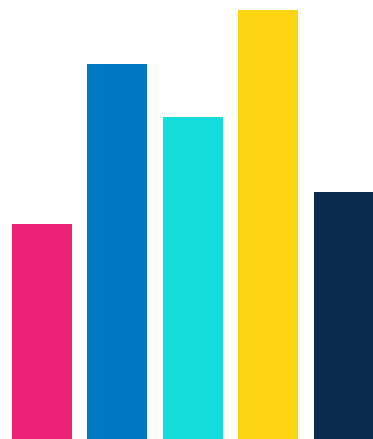
- Verify/ Validate Personnel
- Obtain accurate quotes
- Estimate any increases





# Preparation of Preliminary Submission

Draft of final submission which includes all support documentation



PRESENTATION OF SOUND DATA

It is *imperative* that all submitted values are as *accurate* as possible and have been checked and re-checked

## SUPPORT DOCUMENTS



Position Control Roster



Health Benefit Calculations



Tuition Cost Calculations



Department Budget Requests

## SUBMISSION OF DISTRICT INFORMATION

- Number of employees
- Student Counts
- Financial Reserves
- Capital Project Plans
- Administrative Costs
- Tax Assessment

## LONG-TERM OBJECTIVES

1

Create a fiscally responsible current year budget to avoid future issues

2

Create a budget that can be built upon moving forward to ensure future progress and growth

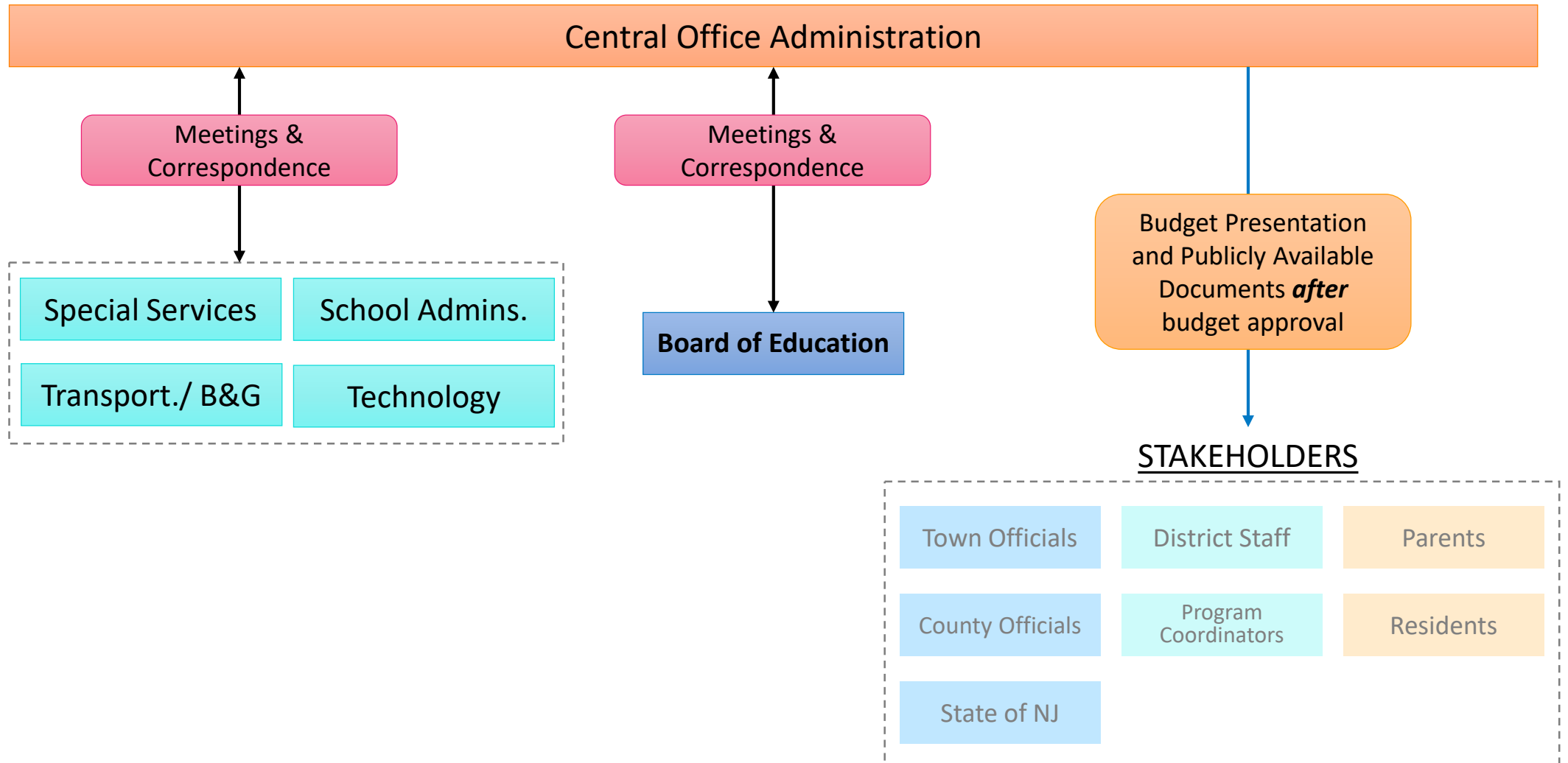
3

Consider future internal and external factors that may challenge the district which we can begin planning for now



# Flow of Information

Communication is KEY





# The End Result

The Budget Process Clarifies...



\$67,957,979

WHERE WE ARE



\$ \_\_\_\_\_

WHERE WE ARE HEADING  
SHORT TERM



\$ \_\_\_\_\_

WHERE WE ARE HEADING  
LONG TERM

## PROVIDES PERSPECTIVE ON CHANGES AND CHALLENGES

- Decreases in State Aid Funding
- Increases in Required District Costs
- Sun setting of American Rescue Plan Elementary and Secondary Schools Emergency Relief (ARP ESSER) funding (September 2024)
- Dependency on Excess Surplus to fund future budgets
- Negotiation of higher interest rate with District Bank (.15% to 4.85%)
- Low levels of funding available in District Capital and Maintenance Reserves

## PROVIDES PERSPECTIVE ON HOW EACH DOLLAR IMPACTS THE EDUCATION OF OUR STUDENTS





# District Status

## Where Are We Now?

### Fund Balance/Excess Surplus as a Form of Budget Revenue

- Fund Balance & Excess Surplus Utilized in 2023-2024 Budget: \$3,110,021
- Audited Ending Balance of 2022-2023 School Year Budget: - \$2,181,763
- Revenue Amount short for 2024-2025 School Year Budget: \$928,258

Basically the District is starting the 2024-2025 budget process with \$928,258 less in revenue than the 2023-2024 budget. Additionally, the 2024-2025 budget year will include (what should be) the last S2 funding formula State Aid cut (estimated at \$256,288.00, but hopefully less). The 2024-2025 budget will also be the first year since 2020 where COVID related Federal funding (such as ESSER III) is no longer available. These lower revenues in combination with increases in required Districtwide costs creates a challenging environment for the creation of the 2024-2025 budget.

### Managing the 2023-2024 Budget & an Early Look at the 2025-2026 Budget

- Projected Balance as of 1/2/2024 with Revenue Assumptions: \$3,073,038.87
- Without the approximately \$468k of unbudgeted bank interest revenue gained through negotiations with the District's Bank (increase from .15% to 4.85% interest) the projected balance as on 1/2/2024 would drop to \$2,604,162.30
- This projected Balance is a snapshot and DOES NOT account for any required purchases for the remaining 6 months of 2023-2024



# District Status

## Where Are We Now?

### Overview of District Reserves

- Capital Reserve Projection at 6/30/24: \$813,950
  - Will be approximately \$488k higher (\$1,301,950) if stabilization aid is received this year to replace VTHS Fire Alarm
- Maintenance Reserve: \$2,470

### Overview of Budget Funding Tools

- Tax Levy
  - 2% cap (\$910,731)
  - Healthcare Cost Adjustment (TBD)
  - Banked Cap (\$0)
- State Aid
- Other Revenues
  - Bank Interest (4.85% now, but tracks Fed rate)
  - Tuition
    - Preschool Tuition
    - International Student Tuition
  - E-Rate
    - 60% starting in 2024-2025 due to increase in students eligible for Free and Reduced Lunch



# District Status

## History of State Aid Cuts

School Year	State Aid Received	Reduction Taken	Reduction from 2016 – 2017 State Aid
2016 - 2017	\$ 25,092,893.00	N/A	N/A
2017 - 2018	\$ 24,618,248.00	\$ 474,645.00	\$474,645.00
2018 - 2019	\$ 24,108,189.00	\$ 510,059.00	\$984,704.00
2019 - 2020	\$ 22,641,091.00	\$ 1,467,098.00	\$2,451,802.00
2020 - 2021	\$ 20,681,955.00	\$ 1,959,136.00	\$4,410,938.00
2021 - 2022	\$ 18,490,441.00	\$ 2,191,514.00	\$6,602,452.00
2022 - 2023	\$ 16,766,734.00	\$ 1,723,707.00	\$8,326,159.00
2023 - 2024	\$ 16,510,446.00	\$ 256,288.00	\$8,582,447.00
2024 - 2025	\$ 16,254,158.00	\$ 256,288.00 (Est.)	\$8,838,735.00 (Est.)
<b>Additional Aid received if State Aid remained at 2016 – 2017 levels</b>			<b>\$40,671,882.00</b>