



2020-2021 Preliminary Budget

January 25, 2020

Overview

- + Budget Development Process
- + Projected Revenue and Tax Impact
- + Enrollment
- + Budget Calendar



Budget Development Process



Budget Development Process

- + Estimate Revenue (January)
 - Calculate Maximum Local Tax Levy (Capped at 2%)
 - Estimate state & federal aid
 - Identify other sources of revenue (Interest on Bond Proceeds)
 - Determine if eligible for Tax Levy Adjustments (Enrollment, Benefits)
- + Estimate Appropriations (Expenditures) (February)
- + Balance the Budget (February / March)
 - Receive final state aid notices
 - Determine if there is a surplus or deficit
 - Use goals and priorities as a guide
 - Evaluate use of banked cap & adjustments
 - Evaluate use of reserves
 - Determine Local Tax Levy
 - Balance the budget



Projected Revenue and Tax Impact



Debt Service

- + Districts borrow funds by selling bonds to raise revenue for capital projects.
- + The capital projects and bond authorization are approved in a separate process.
- + In lieu of a bond referendum; the South Orange and Maplewood School District received approval to sell bonds for capital projects by the Board of School Estimate.
- + Debt service is the repayment of principal and interest on funds borrowed.
- + The debt service payments are calculated and included in the budget.



2020-21 Projected Debt Service

Bond Issued	Principal	Interest	Total
8/31/2011	405,000.00	132,325.00	537,325.00
2/23/2012	800,000.00	267,000.00	1,067,000.00
4/9/2014	365,000.00	75,375.00	440,375.00
2/15/2015	510,000.00	336,100.00	846,100.00
2/15/2015	950,000.00	204,750.00	1,154,750.00
8/27/2019	1,700,000.00	1,562,875.00	3,262,875.00
11/4/2020	0	2,003,401.56	2,003,401.56
Total	4,730,000.00	4,581,826.56	9,311,826.56

2020-21 Projected Debt Service

Bond Issued	Bonds and refinancing that was in place prior to the approval of the Long Range Facility Plan		
8/31/2011			
2/23/2012			
4/9/2014			
2/15/2015			
2/15/2015			
8/27/2019	1,700,000.00	1,562,875.00	3,262,875.00
11/4/2020	0	2,003,401.56	2,003,401.56
Total	4,730,000.00	4,581,826.56	9,311,826.56

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2/23/2012	800,000.00	267,000.00	1,067,000.00
4/9/2014	365,000.00	75,375.00	440,375.00
2/15/2015	Bond Sales for the recently approved LRFP. Total authorized amount to sell was \$158 million. Bonds are sold over a three year period (One bond sale per year). Two of the three bond sales are complete.		
2/15/2015			
8/27/2019			
11/4/2020			
Total			

2020-21 Projected Debt Service

The annual debt repayment amount. This is the amount of principal and interest that must be paid next year.

Bond Issued	Principal	Interest	Total
	405,000.00	132,325.00	537,325.00
	800,000.00	267,000.00	1,067,000.00
	365,000.00	75,375.00	440,375.00
	510,000.00	336,100.00	846,100.00
	950,000.00	204,750.00	1,154,750.00
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4/9/2014		0	440,375.00
2/15/2015		0	846,100.00
2/15/2015		0	1,154,750.00
8/27/2019		0	3,262,875.00
11/4/2020		5	2,003,401.56
Total		5	9,311,826.56

Total debt service amount for the 2021-22 school year.

Revenue to pay this is comprised of local taxes, state debt service aid, and interest earned on bond proceeds.

2020-21 Projected Operating

Revenue Source	2020-21	2021-22	% Change
Local Tax Levy	123,334,105	125,800,787	2.00%
State Aid	5,880,802	5,880,802	0.00%
Extraordinary Aid	1,186,896	1,000,000	-15.75%
Audited Fund Balance	3,453,594	6,676,301	93.31%
Miscellaneous (incl. tuition)	275,000	275,000	0.00%
State/Federal	2,337,709	1,987,053	-15.00%
State/Federal Carry Over	654,925	0	-100.00%
Cares Grant and COVID relief aid	723,584	0	-100.00%
SEMI	106,638	106,638	0.00%
Non Public aid	170,268	170,268	0.00%
PEEA (Montrose)	5,501,260	5,396,426	-1.91%
Maintenance Reserve	1,000,000	0	-100.00%
Required fund Balance	818,150	630,000	-23.00%
Spending Freeze	574,004	0	-100.00%
Sub Total	143,976,744	147,923,275	2.74%
Debt Service Tax Levy	5,373,761	7,846,203	46.01%
Budgeted fund Balance - Debt Srv	0	460,615	
Debt Service aid	1,005,009	*1,005,009	0.00%
Debt Service	6,378,770	9,311,827	45.98%
Total Revenue	150,355,514	157,235,102	4.58%

*Debt service aid
TBD



2020-21 Projected Operating

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Local Tax Levy	123,334,105	125,800,787	2.00%
State Aid	5,880,802	5,880,802	0.00%

The maximum amount of local tax revenue the Board of Education can raise. Note there are allowable spending adjustments for health care and enrollment that may be used to exceed the 2% tax cap.

Cares Grant and COVID relief aid	723,584	0	-100.00%
SEMI	106,638	106,638	0.00%
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State revenue is estimated to be flat. The district is informed of actual state aid prior to budget approval. Actual extraordinary aid revenue is received after budget approval.

Non Public aid	170,268	170,268	0.00%
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Miscellaneous (incl. tuition)	275,000	275,000	0.00%

Remaining funds as of June 30, 2020 that must carry into the 2021-22 school budget. Due to schools shutting down, excess surplus increased.

PEEA (Montrose)	5,501,260	5,396,426	-1.91%
Maintenance Reserve	1,000,000	0	-100.00%
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State/Federal Carry Over	654,925	0	-100.00%
Cares Grant and COVID relief aid	723,584	0	-100.00%
SEMI	106,638	106,638	0.00%

Actual revenue from entitlement grants is received after the budget is approved. This year the district received additional funds to help offset costs related to COVID. There are no assumptions that additional revenue for COVID will be available next year.

*Debt service
TBD

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Audited Fund Balance	3,453,594	6,676,301	93.31%
Miscellaneous (incl. tuition)	275,000	275,000	0.00%

Pre-school revenue is a combination of state grants and carry over funds from the prior year.

INCOME Public aid	170,208	170,208	0.00%
PEEA (Montrose)	5,501,260	5,396,426	-1.91%
Maintenance Reserve	1,000,000	0	-100.00%
Required fund Balance	818,150	630,000	-23.00%
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State Aid	5,880,802	5,880,802	0.00%

The district is not anticipating to use maintenance reserve funds as revenue and is not enacting a spending freeze to generate revenue for the next school year.

Cares Grant and COVID relief aid	723,584	0	-100.00%
SEMI	106,638	106,638	0.00%
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Estimated operating revenue assuming the Board of Education decides to use all taxing authority. The Board can decide to approve a lower tax levy and “bank” that taxing authority. The “banked” taxing authority can be used during the next three budget cycles.

*Debt service aid
TBD

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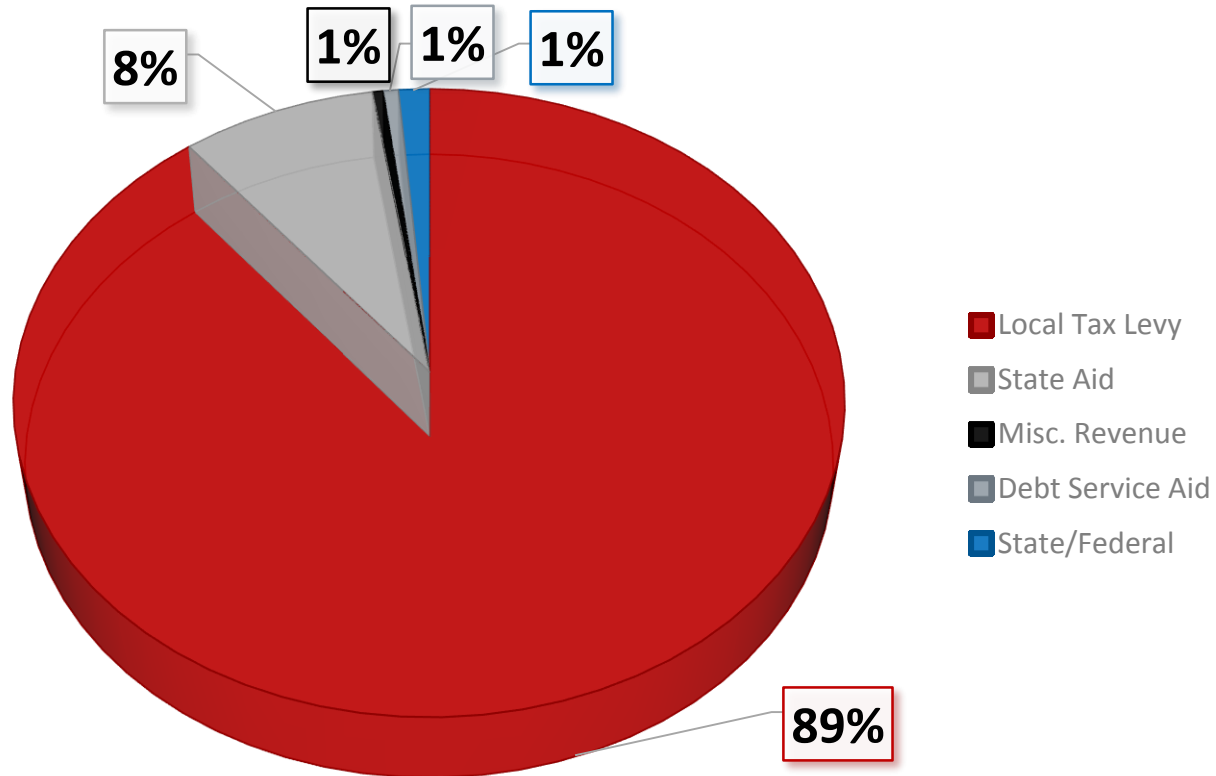
The district is currently receiving \$1 million in debt service aid. Debt service aid is expected to increase. The district earned \$460,615 of interest on bond funds. The interest is used to offset debt service.

*Debt service aid
TBD

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Revenue source



Debt service aid TBD

Tax Levy Cap Adjustments & Banked Cap

Year	Allowable Adjustments (Health / Enrollment)	Adjustments / Banked Cap Used	Banked Cap Available
2021-2022	TBD	0	0

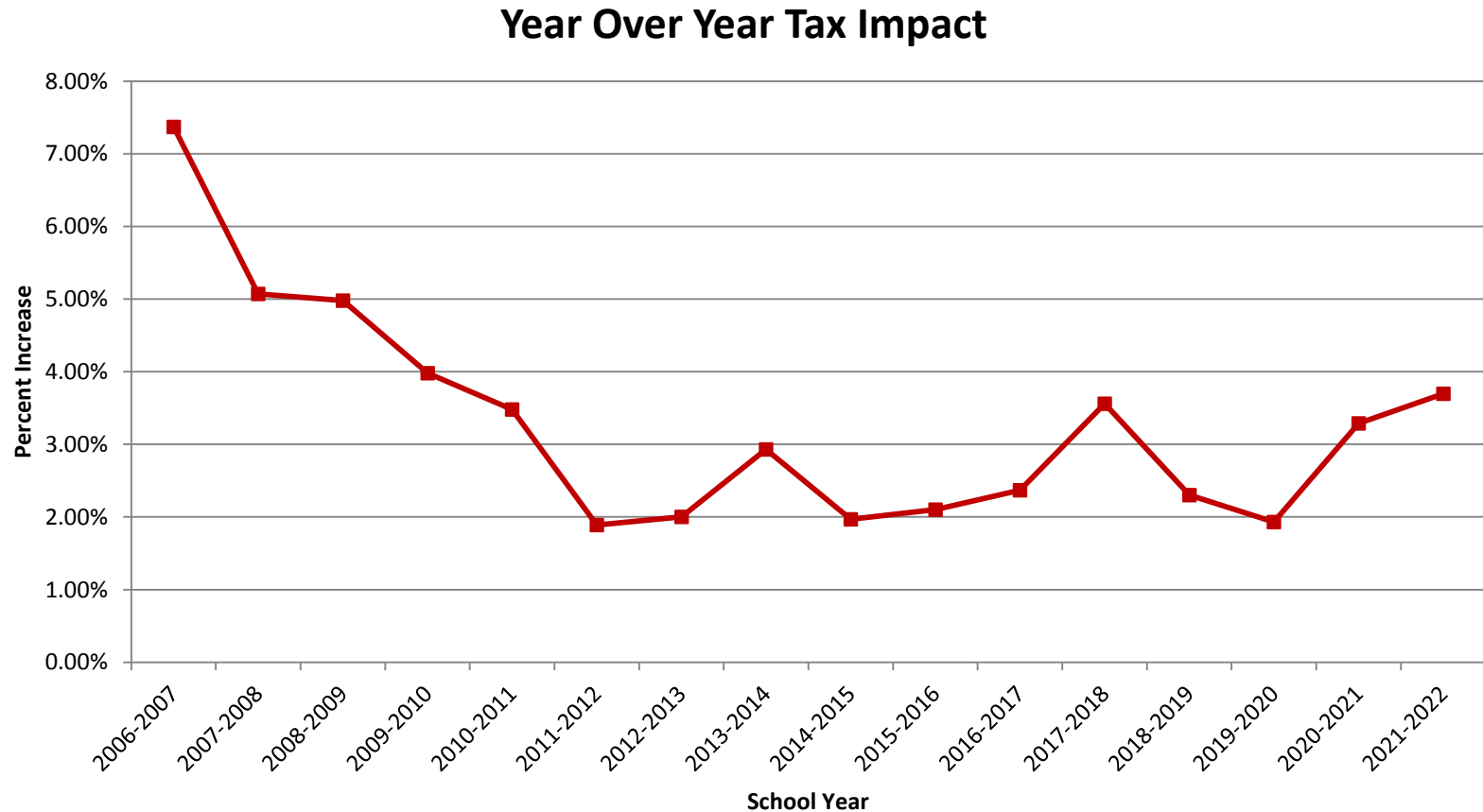
Estimated School Tax Impact

Revenue Source	Projected
20-21 tax levy	123,334,105
21-22 tax levy	125,800,787
Tax impact Operating	2%
20-21 Debt Service	5,373,761
20-22 Debt Service	7,846,203
Tax Impact Debt Service	32%
20-21 Total Tax Levy	128,707,866
21-22 Total Tax Levy	133,646,990
Estimated School Tax Impact	3.7%



Debt service aid and adjustments to be determined

Year Over Year Tax Impact

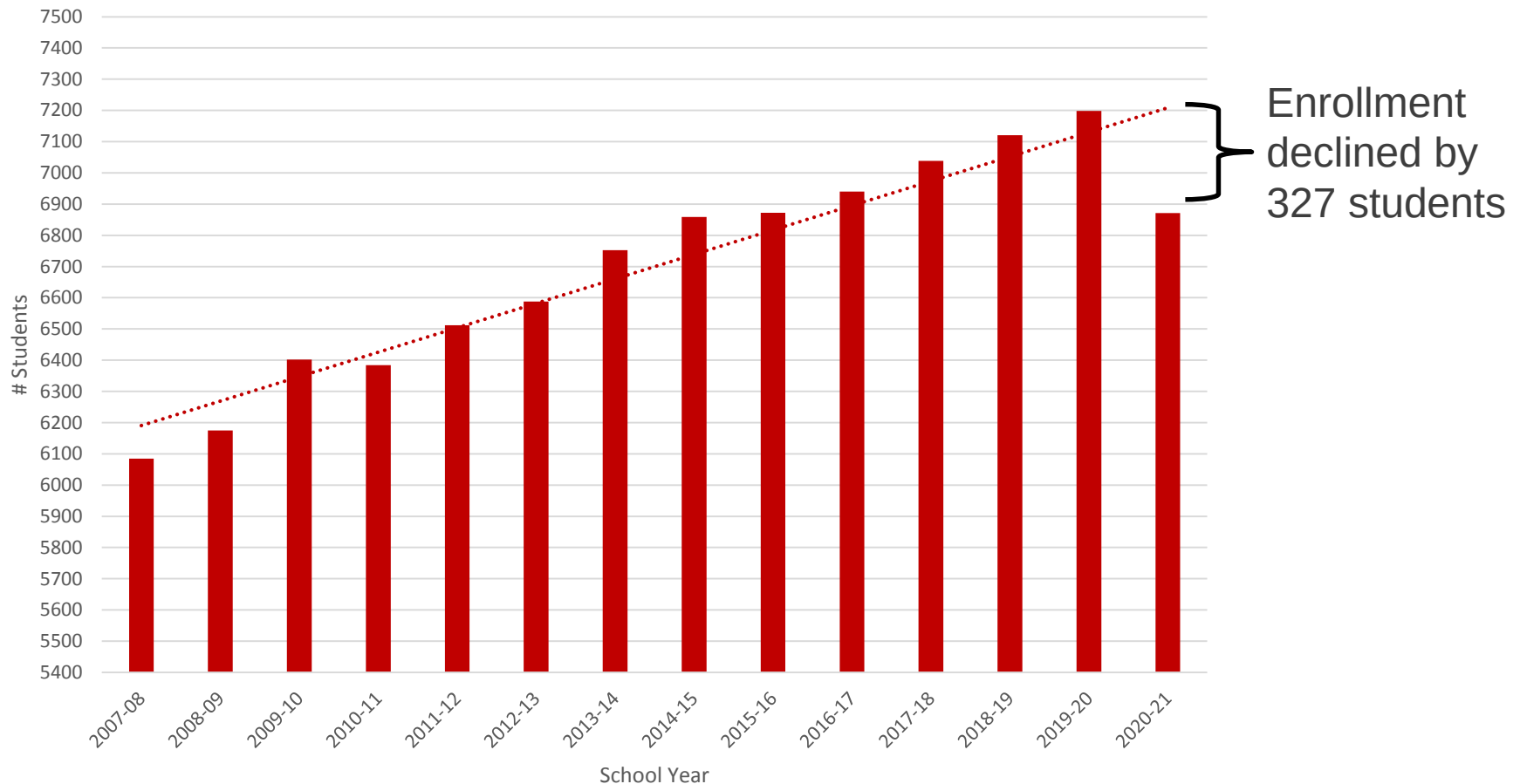


Enrollment



Enrollment

District Enrollment



- Kindergarten enrollment declined by 146
- 55 students home schooled
- Pre-School enrollment increased by 1 student.
- Student enrollment declined by 127 in grades 1 through 12

Budget Calendar



Tentative Budget Calendar

- + Jan 25 BOE meeting: First Budget Presentation (Revenue)
- + Feb 22 BOE meeting: Budget Discussion
- + Feb ?? Governor's Address / State Aid Notices
- + Mar 15 BOE: meeting: Approve preliminary budget
- + Mar 22 BOE meeting: Last day to submit 2020-21 Budget to the County.
- + Apr 20 Last day for approval by county office
- + May 3 (Tentative) Public Hearing on Budget /action to levy 2021-22 school tax

