

2023 – 2024 Preliminary School Budget Presentation – 3/13/23 Board Meeting



Ramapo Indian Hills Regional High School District

March 13, 2023

Tax Levy Cap and Banked Cap

Tax Levy Cap

- State law caps the school tax levy at a 2% increase.

Cap Adjustments

- The cap can be adjusted to go above 2% for unusually high increases for health benefits student enrollment.

Banked Cap

- Any \$ amounts below the adjusted cap, can be “banked” for future use.
- Banked Cap can be used to allow the school district to exceed the 2% tax levy increases within the next 3 years.
- Tax increases for Banked Cap recover of portion of the tax savings that had been generated from staying below cap during the past 3 years.
- If Banked Cap is not used within the next 3 years, it expires.
- Expired Banked Cap is BOTH savings to the taxpayers and lost revenue to the school district annually, into perpetuity.

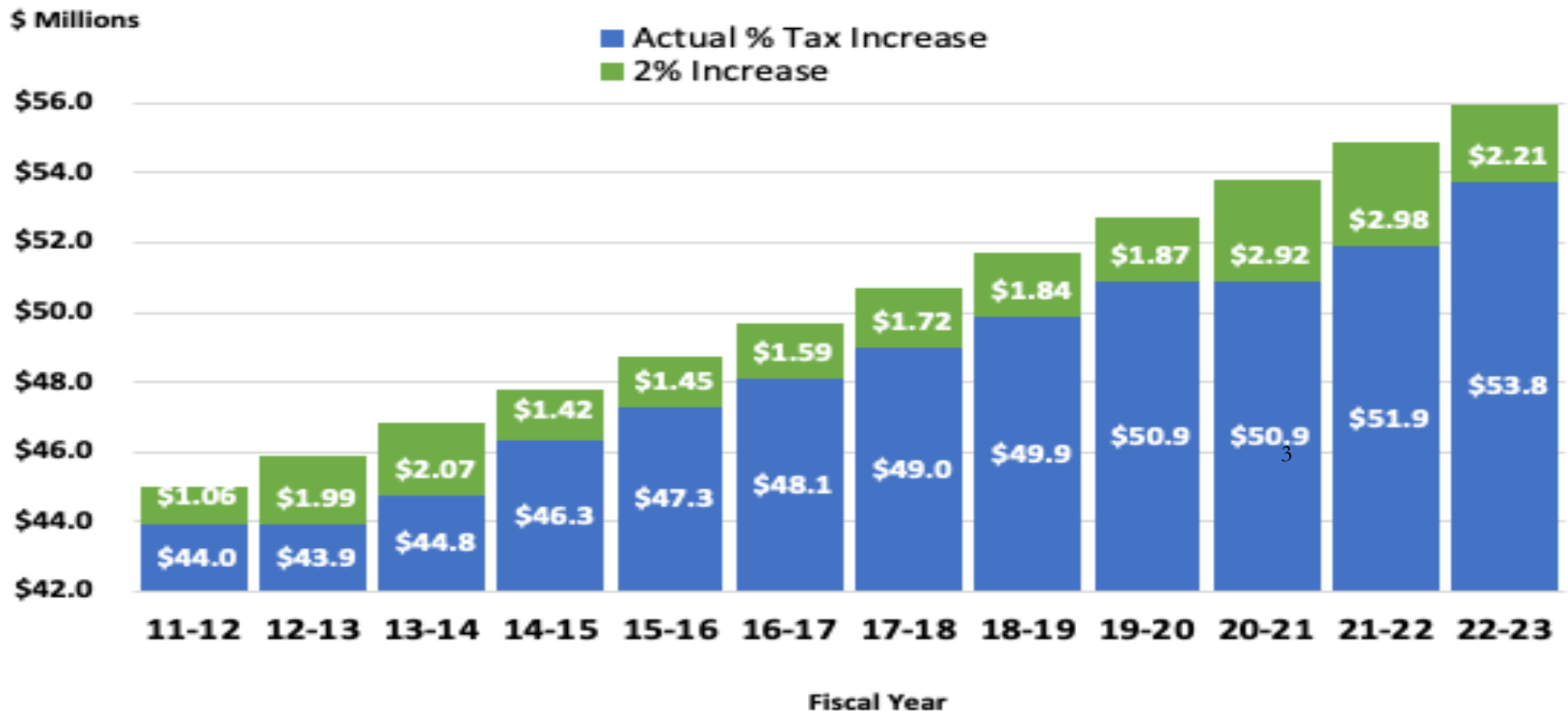
Savings Under 2% Tax Cap

Since the inception of a 2% tax levy and banked cap:

- Total savings to taxpayers by being under the tax levy cap has totaled more than \$24 million
- 23-24 budget will be between \$2 and 2.5 million below what the tax levy would have been with an annual increase of 2%. That is \$2 to 2.5 million savings annually into perpetuity.

RAMAPO INDIAN HILLS SCHOOL DISTRICT

Actual Tax Increase Compared to a
2% Increase



Budget at a Glance

Tax Increase Options

- 2% tax increase = **\$1,074,945**
- Health Waiver, option to use **0.95%**, or **\$510,085**
- Banked Cap, option to use **0.93%**, or **\$497,886**
- Both options *will expire* if not used in 2023-24

Recent History

- 2020-21: **0%** tax increase; under cap by about **\$1.3 million**
- 2021-22: **2%** tax increase; under cap by about **\$2 million**, **\$622,326** of **Banked Cap**, or **1.2%** of tax levy, expired
- 2022-23: No **Health Waiver** used; about **\$800,000** or **1.56%** of **Banked Cap** used
- Since its inception in 2011, over **\$2 million** of Banked Cap has expired
- 2023-24: **2%** + **510,885** health waiver (**0.95%**) + **\$188,337** (**0.30%**) banked cap for total tax levy increase of **3.30%**
- **\$309,549** of **Banked Cap** will expire since not used in 2023-24 budget

State Aid

- ***Theoretical*** State Aid from School Funding Reform Act (SFRA) of 2008 = **\$3,301,169**
- ***Actual*** State Aid = **\$3,189,222**, a **\$255,179** increase in 2023-24 from 2022-23.
- Shortfall in state aid from the SFRA formula is still **\$111,947**.

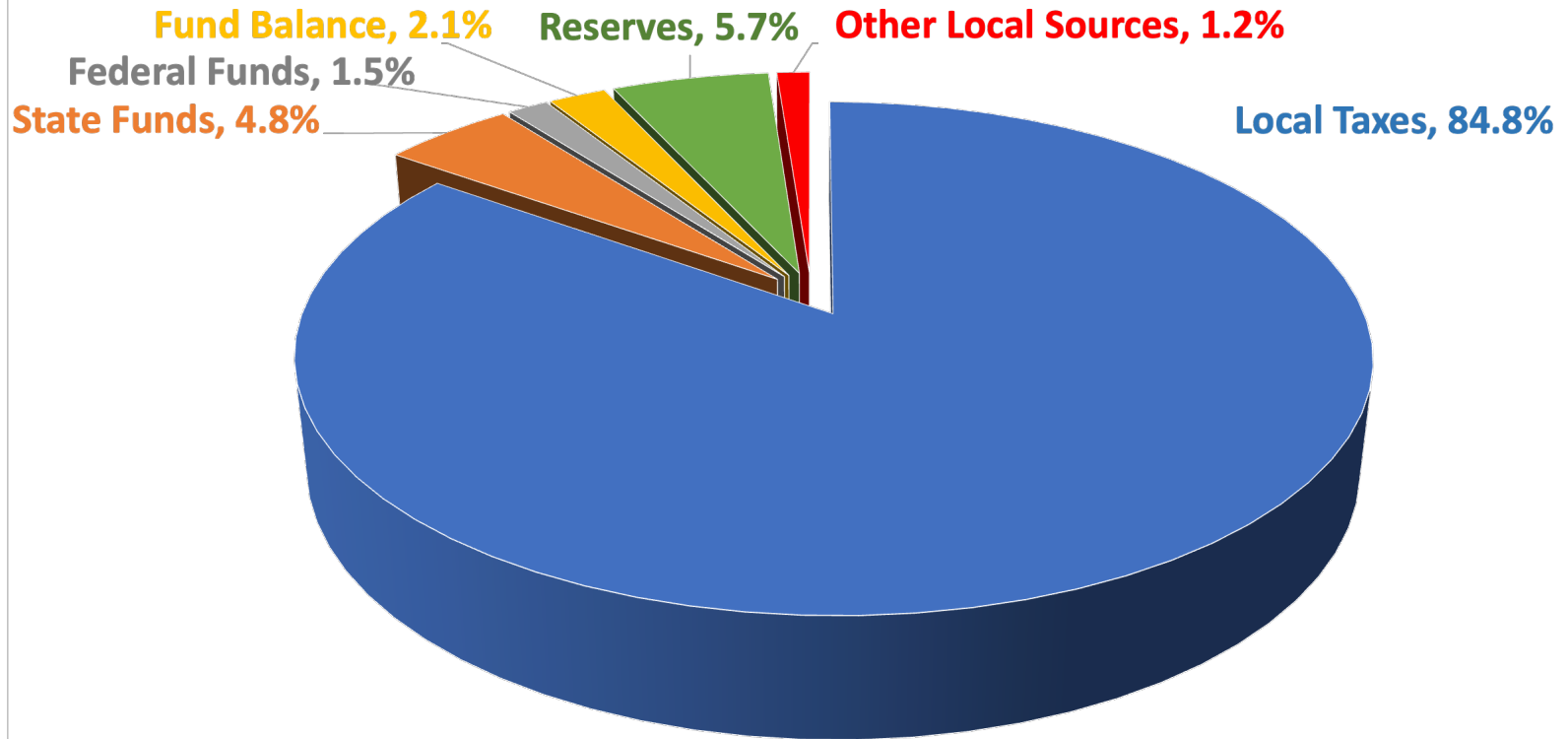
Capital Reserve Account

- At the end of the school years, school districts may deposit unspent funds into reserve accounts – typically Capital Reserve.
- School districts may withdraw funds from the Capital Reserve account to be used to fund BUILDING PROJECTS ONLY.
- Capital Reserve cannot be transferred to offset shortfalls in the operating budget.
- A strong Capital Reserve balances allows the district to fund building upgrades without the for a tax increase from a referendum.
- COVID-19 Pandemic delayed the district's capital project schedule by 1 to 2 years.
- A withdrawal of **\$3 million** from the 2022-23 budget brought the Capital Reserve to a current balance to approximately **\$16.82 million**.
- After withdrawal for the 2023-24 budget, the district's Capital Reserve balance would be approximately **\$13.82 million**.
- **Long Range Facilities Plan**, approved by the State of New Jersey, Department of Education, Office of School Facilities, estimates that the total cost of potential capital projects for the Ramapo Indian Hills Regional High School Districts is about **\$59.9 million**.

Projected Revenue: Prior Year Comparison

Revenue Type	2022~23	2023~24	\$Change	% Change
Local Tax Levy	\$53,724,742	\$55,497,659	\$ 1,772,917	3.30%
Other Local Revenue	796,216	796,216	-	0.00%
State Aid	2,933,483	3,189,222	255,739	8.72%
Federal Revenue	14,728	15,365	637	4.33%
Budgeted Fund Balance	1,400,001	1,400,000	(1)	0.00%
Withdrawal from Maintenance Reserve	1,249,500	824,500	(425,000)	-34.01%
Adjustments for Prior Year Encumbrances	908,438	-	(908,438)	-100.00%
Total Revenue, General Current Account	61,027,108	61,722,962	695,854	1.14%
Withdrawal from Capital Reserve	5,975,500	3,000,000	(2,975,500)	-49.79%
Total Operating Budget	67,002,608	64,722,962	(2,279,646)	-3.40%
Grants & Entitlements	1,674,051	974,397	(699,654)	-41.79%
Debt Service Tax Levy	1,575,550	1,589,925	14,375	0.91%
Total Revenue	\$70,252,209	\$67,287,284	\$(2,964,925)	-4.22%

Revenue: Sources of Funds



Includes all funds in total 2023-2024 budget

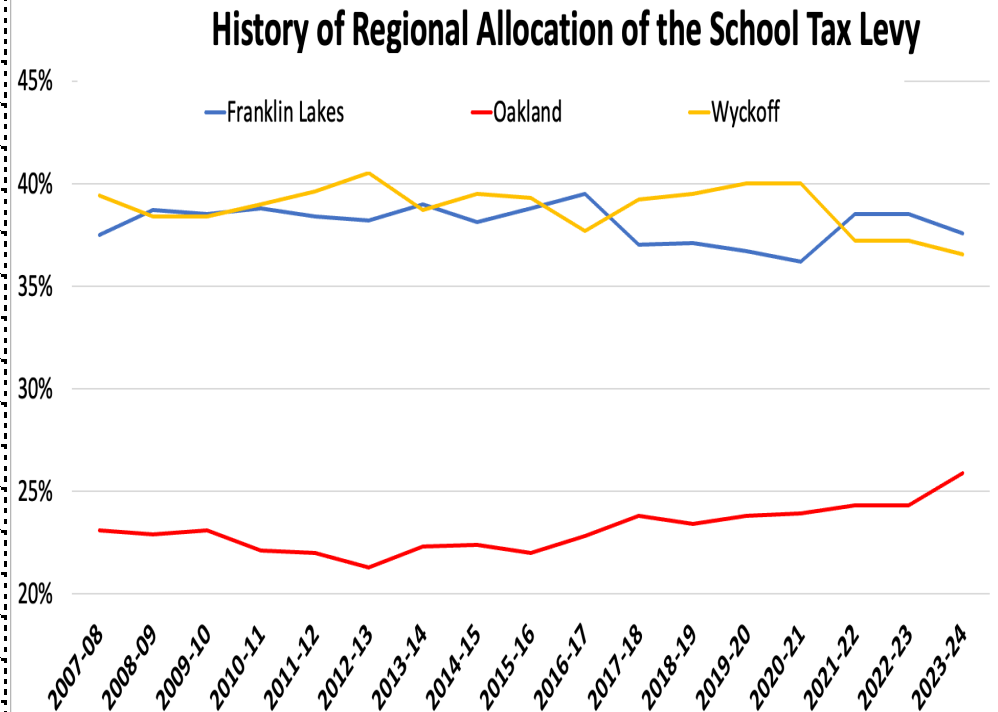
Projected Expenditure Appropriations: Prior Year Comparison

Appropriations Account	2022-23	2023-24	\$ Change	% Change
Regular Education	\$17,959,692	18,279,817	\$ 320,125	1.78%
Special Education, PT/OT/Speech, Extraordinary Services, At-Risk, CST	5,664,583	6,204,985	540,402	9.54%
Out-of-District Tuition	5,366,017	5,845,262	479,245	8.93%
Athletics & Extracurricular	3,128,015	3,067,879	(60,136)	-1.92%
Support Areas: Nursing, Attendance, Guidance, Curriculum, Library/Media, Professional Development,	4,293,567	4,516,146	222,579	5.18%
Admin (School, District, Business Office, Technology)	4,296,789	4,284,938	(11,851)	-0.28%
Maintenance, Custodial & Grounds	6,558,286	5,914,357	(643,929)	-9.82%
Security	531,702	523,325	(8,377)	-1.58%
Transportation	4,570,518	4,690,626	120,108	2.63%
Employee Benefits	8,275,628	9,143,934	868,306	10.49%
Interest from Reserve Accounts	4,500	4,500	-	0.00%
Total General Current Expense	\$ 60,649,297	\$ 62,475,769	\$ 1,826,472	3.01%
Equipment	206,221	50,000	(156,221)	-75.75%
Projects Funded by Capital Reserve	5,975,500	3,000,000	(2,975,500)	-49.79%
SDA Assessment	161,590	161,590	-	0.00%
Interst from Capital Reserve	10,000	10,000	-	0.00%
Total Operating Budget	\$67,002,608	\$ 65,697,359	\$(1,305,249)	-1.95%
Special Programs (Grants)	1,674,051	974,397	(699,654)	-41.79%
Debt Service	1,575,550	1,589,925	14,375	0.91%
Total Budget	\$ 70,252,209	\$ 67,287,284	\$(2,964,925)	-4.22%

Regional Allocation

- Regional Allocation between FLOW towns is set by the county, and varies by year
- These small changes can have large implications on the tax rate

Year	Franklin Lakes	Oakland	Wyckoff
2007-08	37.50%	23.10%	39.40%
2008-09	38.70%	22.90%	38.40%
2009-10	38.50%	23.10%	38.40%
2010-11	38.80%	22.10%	39.00%
2011-12	38.40%	22.00%	39.60%
2012-13	38.20%	21.30%	40.50%
2013-14	39.00%	22.30%	38.70%
2014-15	38.10%	22.40%	39.50%
2015-16	38.80%	22.00%	39.30%
2016-17	39.50%	22.80%	37.70%
2017-18	37.00%	23.80%	39.20%
2018-19	37.10%	23.40%	39.50%
2019-20	36.70%	23.80%	40.00%
2020-21	36.20%	23.90%	40.00%
2021-22	38.50%	24.30%	37.20%
2022-23	38.50%	24.29%	37.21%
2023-24	37.58%	25.88%	36.54%




Tax Impact

- Total local tax levy increase, 3.30%: \$1,772,917
- Total withdrawal from reserves = \$3,824,500
 - Capital Reserve: \$3,000,000
 - Maintenance Reserve: \$824,500
- Use of the above reserves allows the tax increase to remain under the cap, and lessens the need for budget reductions

Annual Tax Impact for the Average Homeowner (for 2.95%)

Homeowner in	Change in Assessed Valuations	Change in Regional % Allocation	Change in Operating Budget \$ Tax
Franklin Lakes	↑	↓	↓
Oakland	↑	↑	↑
Wyckoff	↑	↓	↑ slightly

 = lowers taxes

 = raises taxes