

Middletown Township Board of Education

Tentative Budget Presentation
March 14, 2023



NJ Department of Education Budget Statement of Priorities

Each year, when the district's budget is submitted to the state, it is accompanied by a "Statement of Priorities". This statement includes the following categories for which the district is **required** to provide an explanation of the items related to each that are included in the budget:

Maintaining Our School System

Raising Standards and Expanding Opportunities

Building Professionalism

21st Century Life and Careers

Planning for the Future

Protecting our Investment

Science

English Language Arts

Social Studies

Visual and Performing Arts

Health and Physical Education

Mathematics

21st Century Life and Careers

Technology

World Languages

As we prepare the budget for 2023-2024, we need to keep in mind the expectation that the district not only "maintain our school system" and "protect our investment" but also "raise standards and expand opportunities" as we "plan for the future" relative to all of the subject areas we teach. Elimination of items in the proposed budget has the potential to not only limit our ability to maintain and expand our existing programs but rather to cause a reduction in the opportunities provided to our students.



Tentative budget = tentative budget

The 2023-2024 tentative budget proposal may need to be revised/updated to reflect changes in cost projections for budget areas that are still evolving.

The administrative team and the Board will continue to review these areas as more information becomes available. Any necessary changes to the tentative budget will be communicated at upcoming board meetings and at the public hearing for the final budget adoption.



2023-2024 Tentative Budget Summary



Proposed Budgeted Revenue

	2022-2023	2023-2024	Change \$	Notes
Tax levy with a 2% increase	\$152,782,231	\$155,837,876	\$3,055,645	Includes 2% increase in tax levy
State aid	\$13,530,438	\$13,200,485	(\$329,953)	S2 decrease
Projected extraordinary aid	\$2,250,000	\$2,250,000	\$0	Estimate; 2022-2023 aid will not be known until July 2023
Other local sources and interest	\$1,160,000	\$1,640,101	\$480,101	Includes interest, tuition, enterprise activities, refunds of prior year expenses
Special Education Medicaid Initiative (SEMI) reimbursement	\$239,002	\$243,259	\$4,257	State determines projection; district does all administrative work; state takes 2/3 of reimbursement generated
Transportation revenue from other districts	\$1,000,000	\$800,000	(\$200,000)	Based on anticipated joined routes with other districts
Sub-total operating revenue only	\$170,961,671	\$173,971,721	\$3,010,050	Increase in operating revenue is 1.76%

Proposed Budgeted Revenue

	2022-2023	2023-2024	Change \$	Notes
Sub-total operating revenue only	\$170,961,671	\$173,971,721	\$3,010,050	Increase in operating revenue is 1.76%
Non-recurring revenue supporting operating expenses:				
Use of fund balance	\$3,285,993	\$7,150,360	\$3,864,367	
Use of capital reserve	\$2,216,064	\$154,000	(\$2,062,064)	
Total	\$176,463,728	\$181,276,081	\$4,812,353	Increase is 2.73%

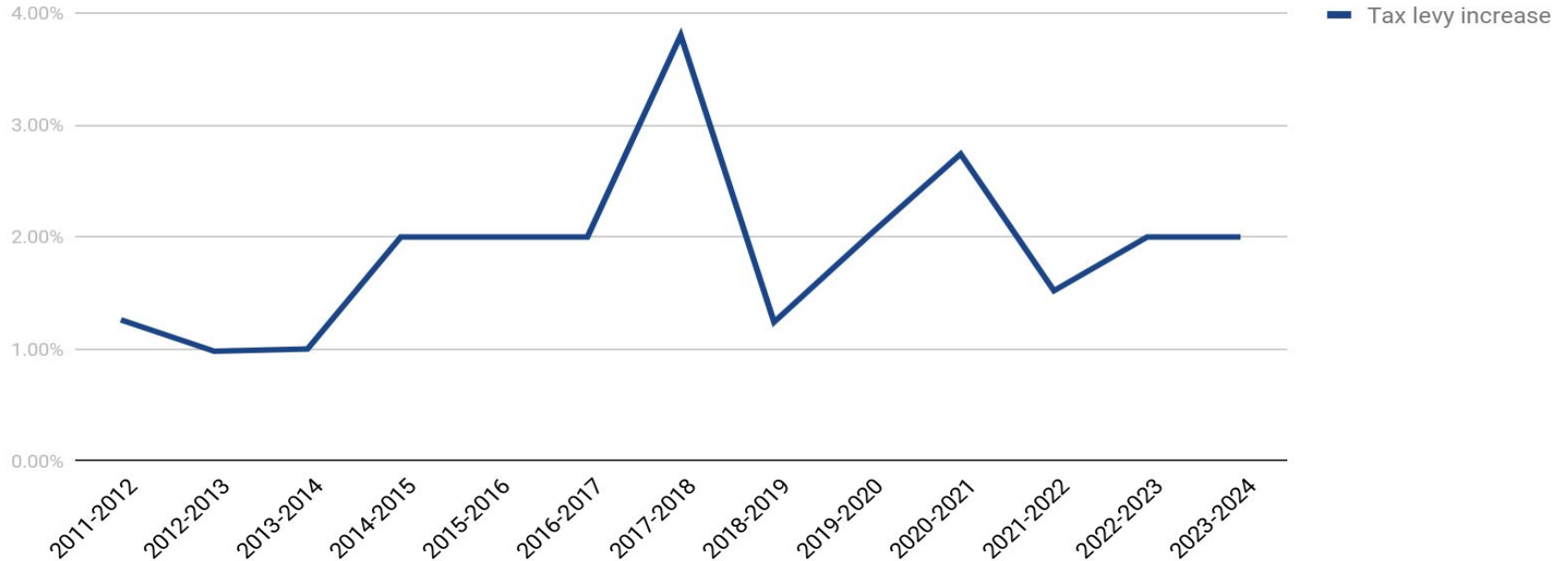
Summary of Proposed Budgeted Expenses

	2022-2023 Budget	2023-2024 Projected	Change \$	Change %
Regular Programs - Instruction	\$60,993,228	\$60,899,025	(\$94,203)	(.15%)
Total Special Education - Instruction	\$20,854,021	\$21,453,764	\$599,743	2.88%
Total Co-Curricular, Athletics, After School and Summer programs	\$2,676,976	\$2,788,999	\$112,023	4.18%
Total Tuition	\$5,458,411	\$6,225,047	\$766,636	14.05%
Attendance, Health, Related Services, and Guidance	\$9,593,271	\$9,799,353	\$206,082	2.15%
Other Student Support Services - Special Education (CST)	\$6,611,004	\$6,691,656	\$80,652	1.22%
Improvement of Instruction, Staff Training, Media Services	\$1,842,551	\$1,870,189	\$27,638	1.5%

Summary of Proposed Budgeted Expenses (cont.)

	2022-2023 Budget	2023-2024 Projected	Change \$	Change %
School, District, Central and IT Administrative Costs	\$11,811,539	\$11,568,904	(\$242,635)	(2.1%)
Operation and Maintenance of Plant (includes security)	\$15,349,605	\$17,698,275	\$2,348,670	15.30%
Student Transportation Services	\$13,082,589	\$13,436,736	\$354,147	2.70%
Employee Benefits	\$25,697,780	\$28,191,529	\$2,493,749	9.70%
Capital Outlay	\$2,459,664	\$571,696	(\$1,887,968)	(76.76%)
Transfer of funds to charter schools	\$33,089	\$75,808	\$42,719	229.10%
Transfer of interest to capital and maintenance reserve	\$0	\$5,100	\$5,100	100%
Total Budget	\$176,463,728	\$181,276,081	\$4,812,353	2.73%

Tax Levy Increases 2011-2012 to 2023-2024 (proposed)



Average tax levy increase since the implementation of the 2% cap in 2011 is 1.89%.



Banked tax levy cap and adjustments

Middletown has banked tax levy cap and adjustments available as follows:

Adjustment for health care costs generated in 2023-2024 budget by State Health Benefits Plan (SHBP) increase - not utilized in 2023-2024 tentative budget - will expire with 2026-2027 budget: \$2,168,403

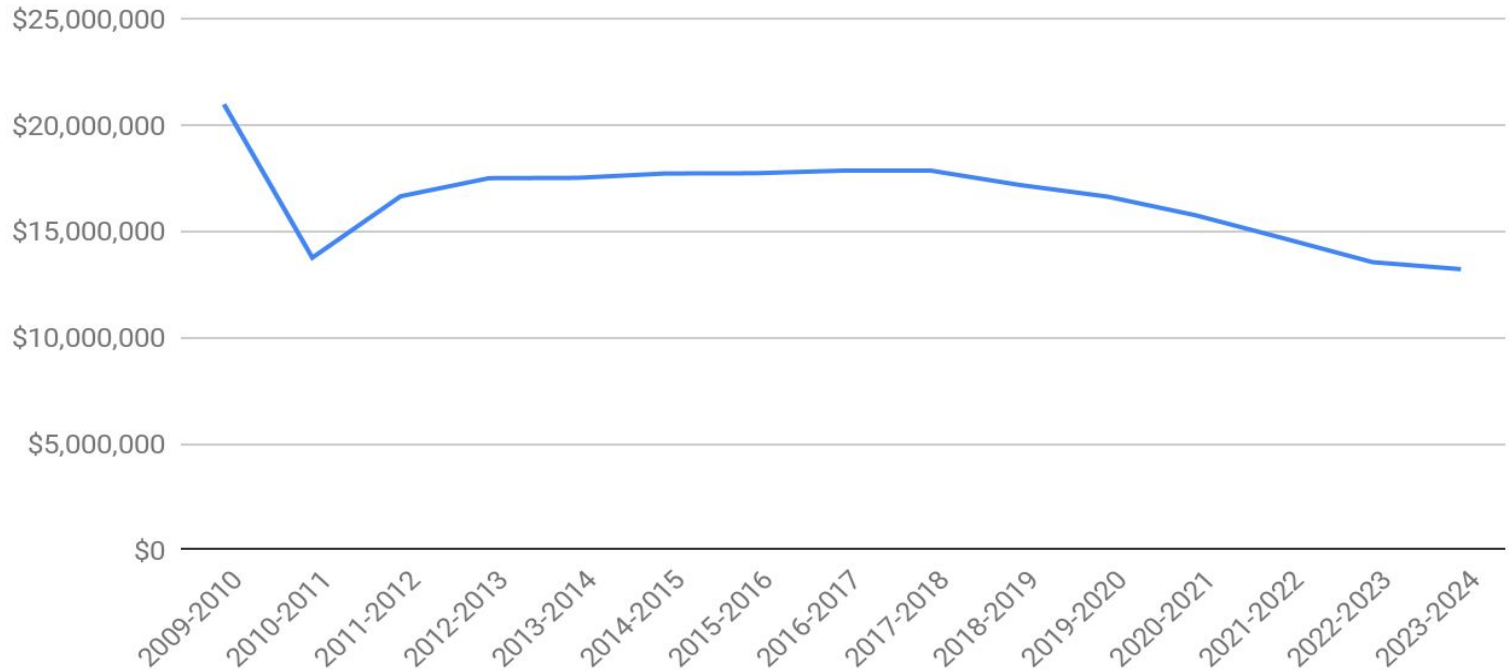
Banked cap generated in 2021-2022 due to 1.52% levy increase - not utilized in 2023-2024 tentative budget - expires with 2024-2025 budget: \$714,389

Total additional tax levy available for future budgets: \$2,882,792

State Aid

State Aid - 2010-2011 to 2023-2024

State Aid





Reserves

	Balance June 30, 2022	Amount used during 2022-2023 year	Anticipated reserve deposits prior to June 30,2023	Amount allocated to 2023-2024 budget (tentative)	Remaining Balance
Capital	\$2,220,917	(\$2,216,064)	\$154,000	(\$154,000)	\$4,853
Maintenance	\$569,081				\$569,081
Total	\$2,789,998	(\$2,216,064)	\$154,000	(\$154,000)	\$573,934

Allowable balances in capital and maintenance reserves are \$104,631,989 and \$7,768,252, respectively.



Proposed Capital Outlay for 2023-2024

Health equipment	\$18,000
Various school level equipment	\$8,712
Special education equipment	\$25,000
Facilities equipment replacement	\$175,000
Matching portion of COPS grant - access control project	\$163,784
Local share of Harmony playground project - DCA grant	\$40,000
60% share of anticipated ROD grant projects	<u>\$114,000</u>
	\$544,496
NJDOE SDA debt assessment on previous bond issues	<u>\$27,200</u>
Total Capital Outlay proposed	\$571,696



Debt Service Budget

2023-2024 Outstanding Bonds

Principal and interest due on outstanding bonds for the 2023-2024 year:

Refunding Bonds, Series 2020	\$3,290,000	Mature 8/1/2027
Refunding Bonds, Series 2013	\$685,000	Mature 8/1/2027
2014 Bond Issue	\$1,320,000	Mature 3/15/2033
Interest	\$1,188,705	
Total	\$6,483,705	

Total outstanding bonds at June 30, 2024 will be \$26,770,000.

These payments are included in the debt service fund and are funded by debt service state aid and a separate debt service tax levy.

General and Debt Service Fund tax levy impact at 2.0% increase

2022 Avg. Assessed Value of home: \$592,700 (2021 value was \$530,200)	2022-2023	2023-2024	Annual change	Monthly change
Operating tax impact	\$5,993.66	\$6,123.78	\$130.12	\$10.84
Debt service tax impact	\$203.62	\$205.33	\$1.70	\$.14
Total	\$6,197.28	\$6,329.11	\$131.82	\$10.98
Total tax rate (General and debt service)	1.169	1.068	(0.101)	



Shared Services

- **Purchasing - Participation in numerous purchasing cooperatives**
- **Garbage/recycling - Participation in joint garbage/recycling contract with Twp. of Middletown**
- **Technology - Procurement of broadband services through NJ Digital Readiness for Learning and Assessment Program (DRLAP)**
- **Insurance - Participation in the Diploma Joint Insurance Fund liability insurance fund**
- **Transportation - Hosting of jointured routes with neighboring districts and participation in Monmouth Ocean Education Service Commission's routes**
- **Facilities - Utilization of space at the Middletown Arts Center at no cost for district performing arts program**



Budget Timeline

- **March 14 - Board votes on tentative budget; district submits approved tentative budget to the NJDOE Monmouth County office for review and approval by March 20, 2023.**
- **Public hearing and adoption of the final budget must be done between Monday, April 24 and Monday, May 8, 2023. The Board anticipates holding the public hearing and adopting the final budget at its April 25th voting meeting.**