



2023-2024 Budget Workshop

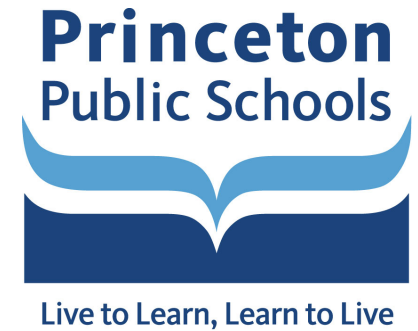
February 7, 2023

Outline of Discussion

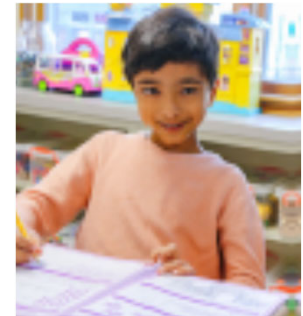
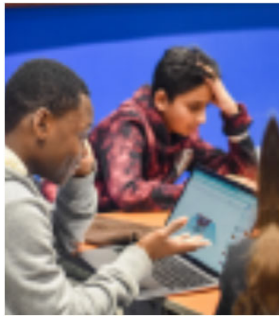
- **Our Promise**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Operating Budget and Preliminary Budget Analysis**
- **Questions From the Public**



PPS: Our Promise
Starting Point for All Initiatives



We promise to prepare all our students to
lead lives of joy and purpose as
knowledgeable, creative and
compassionate citizens of a global society.



Strategic Planning Goals 2023 – 2028 (Final Draft)

Focus on Early Years: Age 3 to Grade 3 : Every student will build solid foundational literacies through purposeful play, inquiry-based learning, and targeted instruction.

Wellness, Inclusion and Supports for All: Every student will be known, connected, engaged, and supported, and will encounter fair, affirming schooling experiences at every stage.

Opportunity and Achievement for All : Every student will have access to challenging academic programs and will demonstrate achievement of rigorous standards with intellectual integrity.

Preparation for a meaningful life beyond PPS: Every student will successfully navigate school transitions and will build the foundation to thrive in the post-secondary pathway of their choice and design.



Live to Learn, Learn to Live

ZERO BASED BUDGETING OVERVIEW

- Zero-based budgeting (ZBB) is a continuous process that we have implemented to rigorously review every dollar in the annual budget and build a culture of cost management among all stakeholders. The ZBB process is based on developing deep visibility into cost drivers and using this knowledge to help maintain an environment of accountability and sustainable growth in taxes. The full intent is to start from zero and build up from there.

What makes Princeton Public Schools Unique

- World class university in our community
- Small Schools with comparatively small class sizes
- A large number of student programs and opportunities
- A large number of student support services
- A very experienced teaching staff
- Programs that are well above State minimum
- Higher percentage of population navigating poverty than any of the high performing affluent districts in the state, as well as having a 424 student charter school in town
- Commitment to Equity



Budget Calendar

2023-2024 Budget

November - District Budget planning (Central Office)

November- Budget manual shared with Budget Managers who were required to enter their ZBB details into System3000 directly by December 23rd

January-February - Central Office Analysis

February 7th - (TONIGHT) Budget Workshop-Top level overview

February 21st - Governor Murphy's Budget Address and PPS Board Meeting

February 23rd - State Aid Numbers released (48 hours after Budget Address)

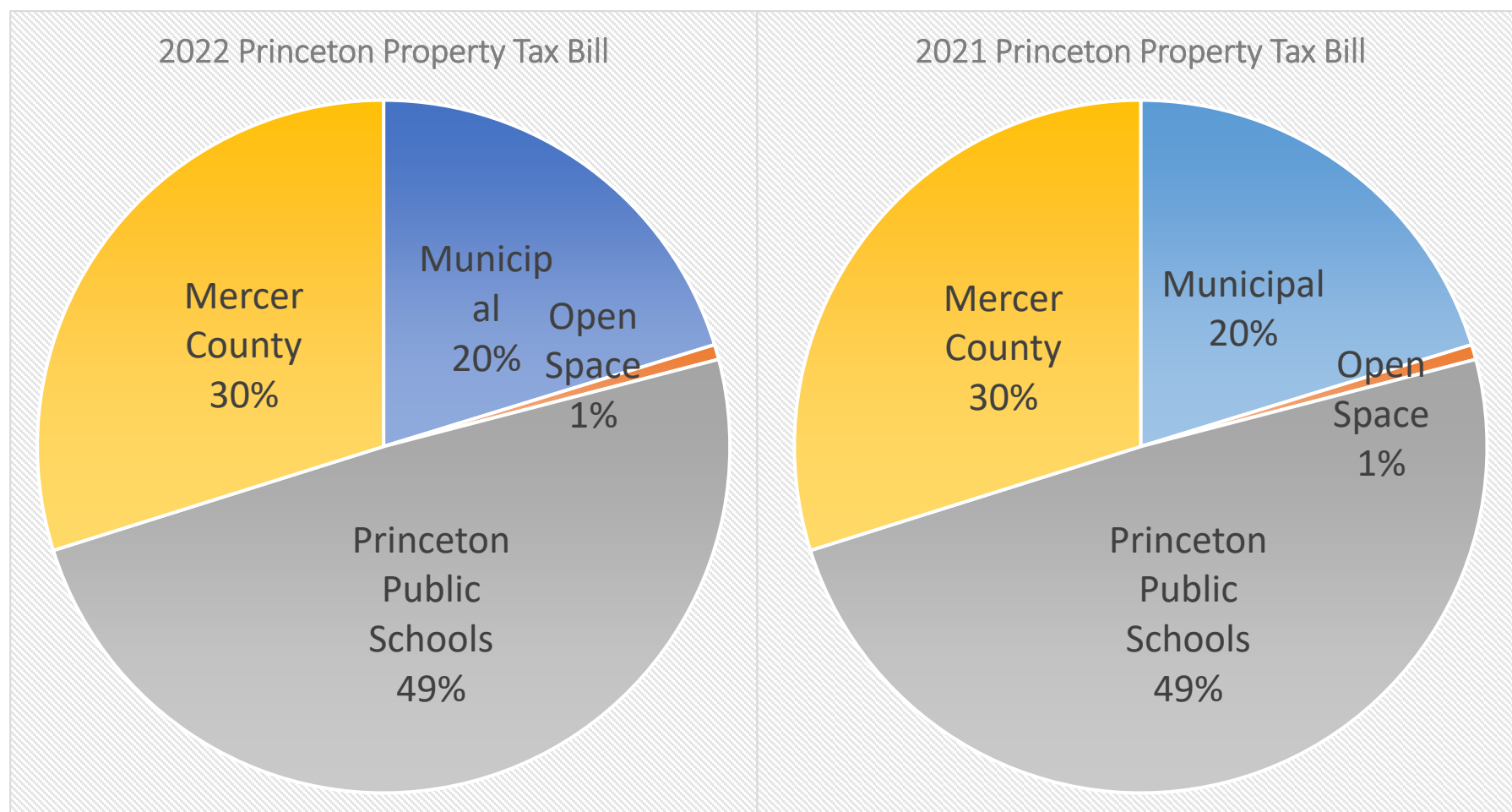
March 14th - Tentative Budget Adoption

March 20th - Budgets submitted to County (State review)

April 25th - Public Budget Hearing and Final Budget Adoption

Budget presentations throughout the budget development and approval process.

Calendar Tax year Princeton Property Tax Comparison



Source: 2021 and 2022 Mercer County Abstract of Ratables

2022-23 School Tax: Two Separate Levies = \$86.735MM

General Fund Levy = \$83.016 MM

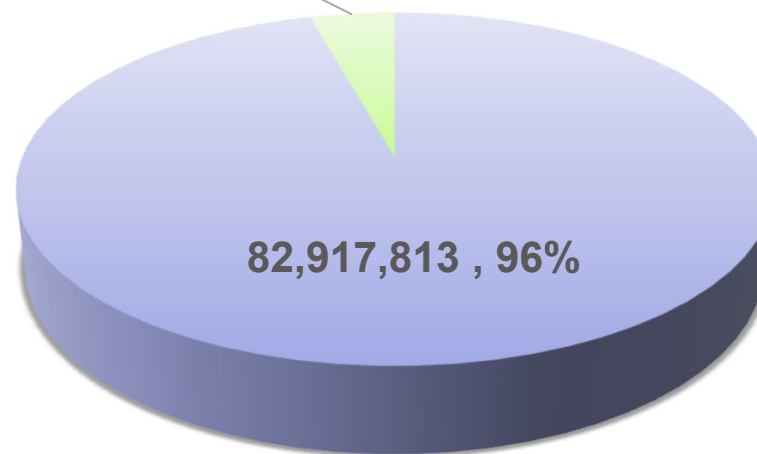
- Funds annual **operating** budget
- Subject to 2% cap with waivers for enrollment and possible healthcare cost increases

Debt Service Levy = \$3.719 MM

- Funds **long-term capital** projects
- Approved by taxpayers via referendum
- As of 6-30-2022, \$44.001 MM debt outstanding, with maturities of 2/1/23, 7/15/38 and 1/15/42

3,718,619 ,
4%

PPS Tax Levy



■ General Fund ■ Debt Service

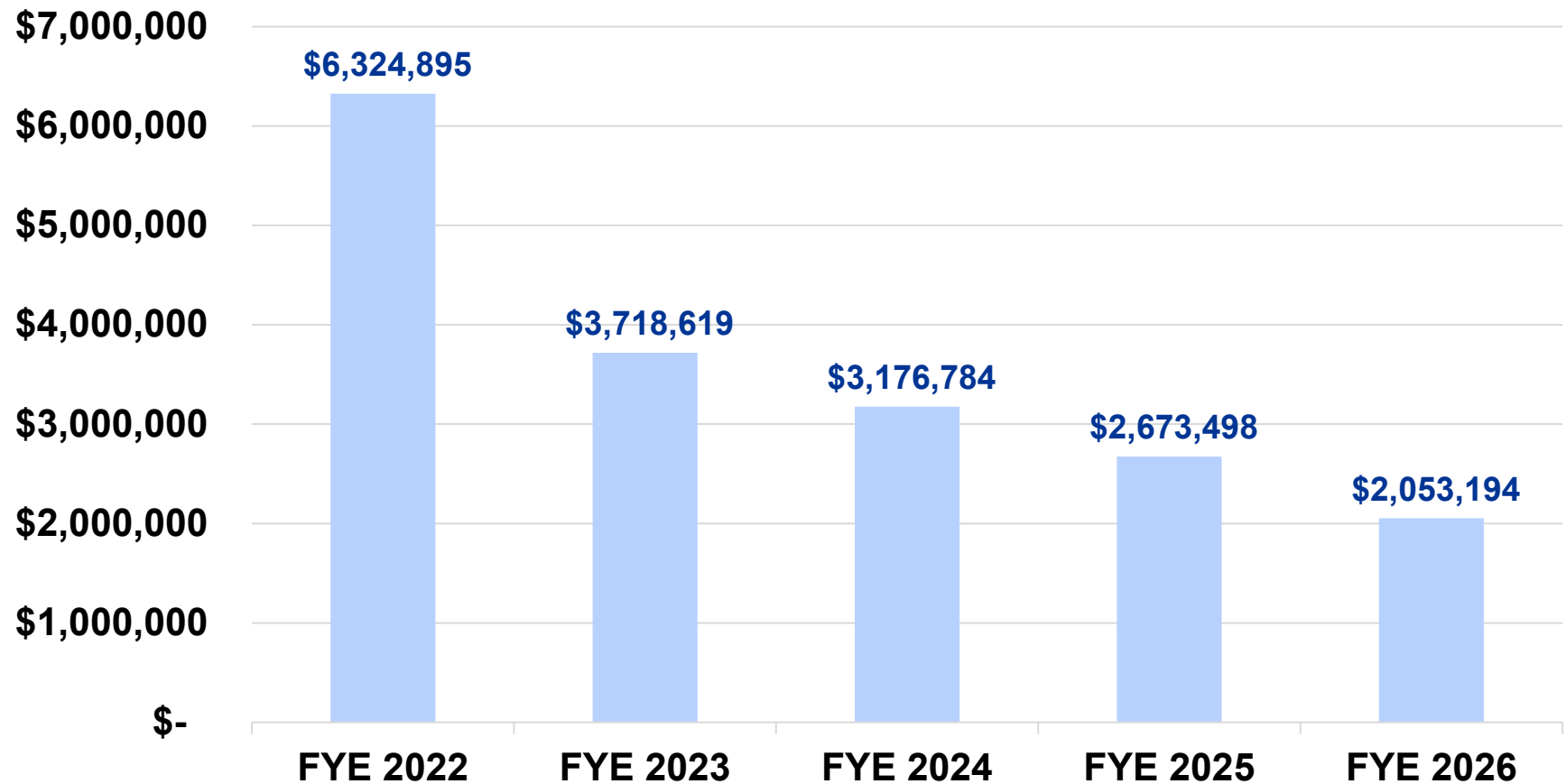
Debt Service Levy → Pays for Long-Term Debt

- Three Bond issues outstanding, with 7/30/2009 debt maturing during previous fiscal year; 6-30-2022. New issue on 3-30-2022, approved by voters 3 to 1, on January 25, 2022.
- Our most current Debt was issued at 2.75% over 20 years with a Aaa (“triple A” Moody’s) rating which is the highest credit rating available. See Outstanding Debt Below:

	Orig. Issue Date	Maturity Date	Int. Rates	Int. Rates	Principal Bal. 6/30/2022
10.980 MM School Bonds	1/15/2013	2/1/2023	0.50%	2.00%	1,225,000
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50%	3.00%	25,325,000
17.451 MM School Bonds	3/30/2022	1/15/2042	2.60%	2.75%	17,451,000
					<u>44,001,000</u>

Projected Change in Debt Service over next 3 Fiscal Years (FYE), assuming no new debt. Goal is to keep PPS debt at “20-21” peak of \$6.635 MM

Estimated Net Debt Service



2021, 2022 and 2023 School Tax Levy Comparison



2020-21 School Tax Levy :

\$79.614 MM General Fund Levy
+\$6.635 MM Debt Service Levy
= \$86.249 MM

2021-22 School Tax Levy:

\$80.410 MM Gen Fund Levy(1%)
+\$6.325 MM Debt Service Levy
= \$86.735 MM

2022-23 School Tax Levy:

\$83.016 MM Gen Fund Levy(3.24%)
+\$3.719 MM Debt Service Levy
= \$86.735 MM

2021-22 School Tax Levy:

\$80.410 MM Gen Fund Levy(1%)
+\$6.325 MM Debt Service Levy
= \$86.735 MM

2022-23 School Tax Levy:

\$83.016 MM Gen Fund Levy(3.24%)
+\$3.719 MM Debt Service Levy
= \$86.735 MM

2023-24 Prelim. School Tax Levy:

\$86.166 MM Gen Fund Levy(3.79%)
+\$3.177 MM Debt Service Levy
= \$89.343 MM

Calendar 2021 Tax Levy:

\$80.012 MM General Fund Levy
+\$6.480 MM Debt Service Levy
= **\$86.492 MM***

Calendar 2022 Tax Levy:

\$81.713 MM General Fund Levy
+\$5.022 MM Debt Service Levy
= **\$86.735 MM***

Estimated Calendar 2022 Tax Levy:

\$84.591 MM General Fund Levy
+\$3.448 MM Debt Service Levy
= **\$88.039 MM***

Actual calendar tax levy reflects split fiscal year: 50% of current budget year (Jan 1 – Jun 30) and 50% of new budget year (Jul 1 – Dec 31)
School Tax Levy

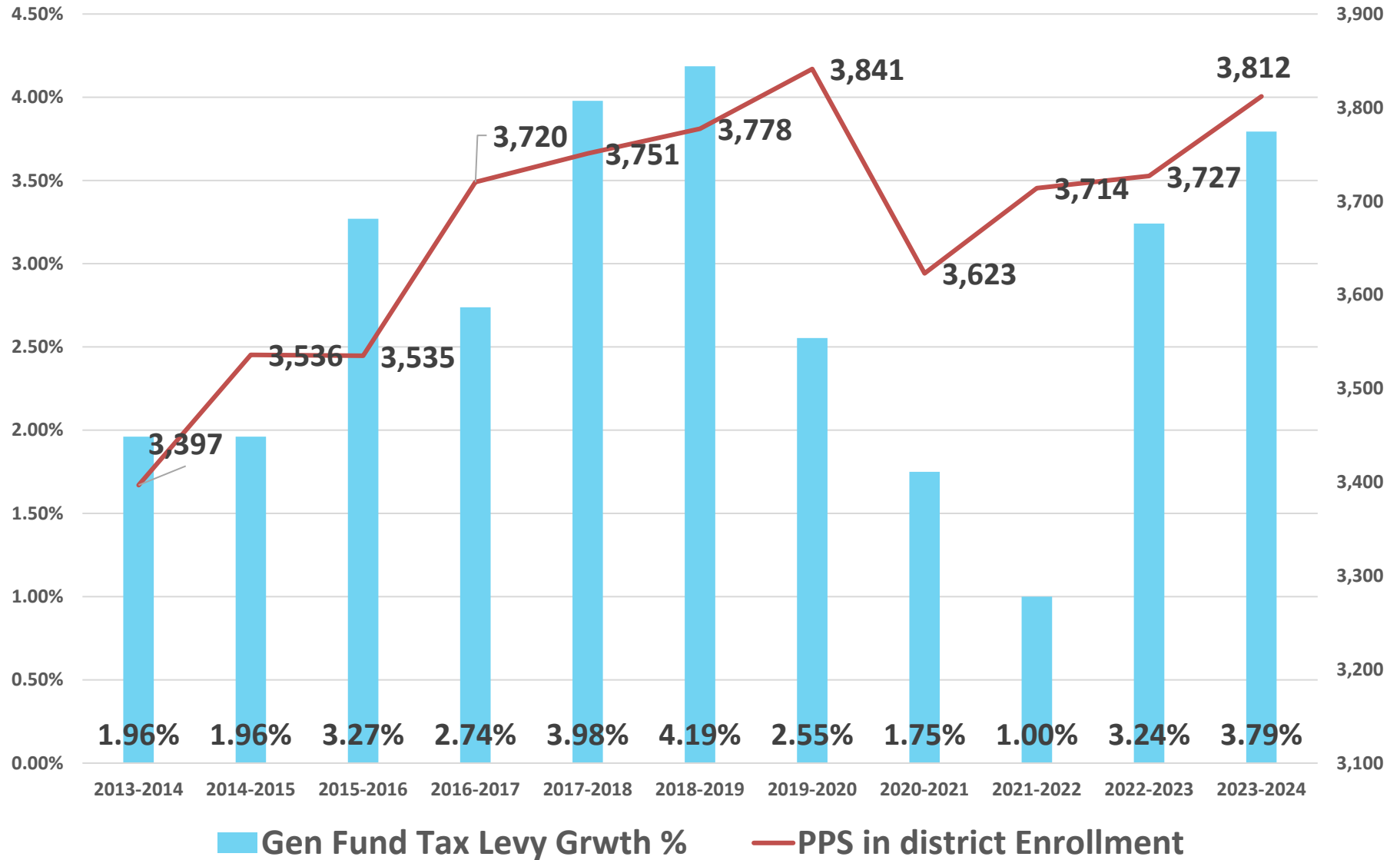
Taxpayer Impact

- **Actual Calendar 2022 total school levy of \$86.735 MM**
- **Tax rate DE-creases from 1.200 to 1.198 per \$100** assessed property value
 - Princeton 2022 actual tax base, net assessed valuation (ratables) of \$7.239 Billion*
 - Tax base de-creased .002% from 2021 – 2022, which means tax levy shared across a slightly greater total assessed value...
- **...which means that a 0.28% calendar year school tax levy increase results in a 0.167% “effective” school tax de-crease. The Tax increase is spread across a bigger base.**

**2022 ratables taken from Mercer County Tax Tables*

General Fund Tax Levy Growth % vs. Enrollment

Enrollments are actual except last two years



Banked Tax Cap Analysis

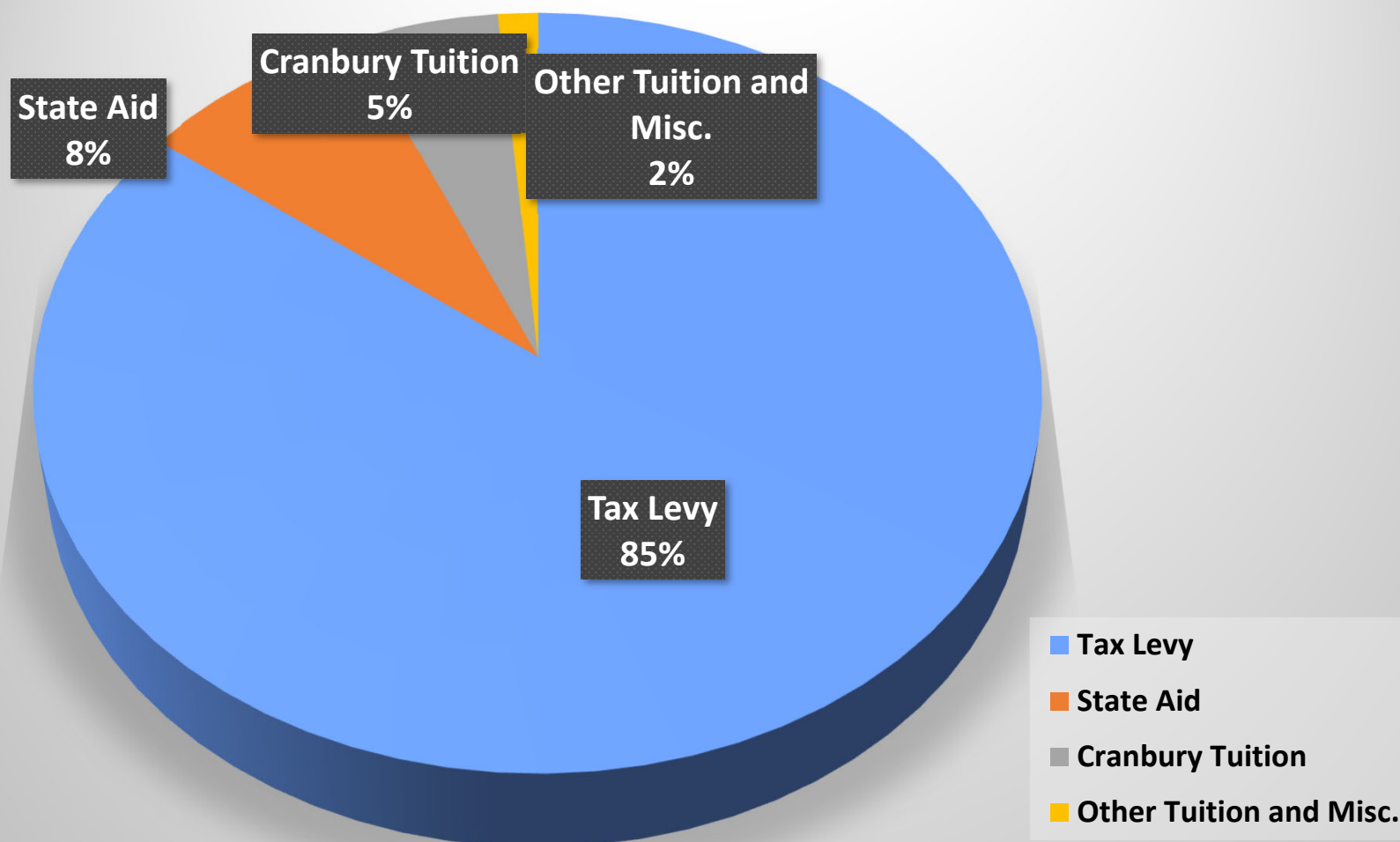
<u>Description</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Generated	253,626	796,138	-	-	-
Expiring	-	-	-	-	-
Available	-	253,626	1,049,764	51,688	-
Used/Will Use	-	-	998,076	51,688	-
Foregone Tax Levy	-	5,073	15,923	-	-

Banked Cap:

Unused taxation or spending authority, that can be saved for 3 future budget cycles and is generated by not spending to the allowable 2% cap or using automatic cap waivers for health insurance, enrollment or deferred pension increases

District will use remainder of banked cap in this 23-24 budget cycle

2022 Actual General Fund Revenues



2018 to 2022 Actual Gen Fund Revenue Analysis w Estimated Actual 2023 and Preliminary 2024 Budget



	Actual 17-18	Actual 18-19	Actual 19-20	Actual 20-21	Actual 21-22	Final Adopt 22-23 Bud.	Est. Act. 22-23	Prelim Bud 23-24
Revenue:								
Tax Levy	70,148,719	73,055,295	76,246,634	78,244,588	79,613,868	80,410,007	83,016,283	83,016,283
Tax Levy Increase-2%	1,402,974	1,482,875	1,524,933	1,369,280	796,139	1,608,200		1,660,326
Banked Cap Utilized	-	-	0	-	-	998,076		51,688
Health Care Waiver	47,848	413,110	473,021					1,437,500
Enrollment Waiver	1,455,754	1,295,354						
Total Tax Levy	73,055,295	76,246,634	78,244,588	79,613,868	80,410,007	83,016,283	83,016,283	86,165,797
Tuitions	5,228,140	5,565,909	5,405,652	5,720,335	5,152,878	5,414,807	5,414,807	5,383,553
Misc. and Interest	669,931	1,184,547	735,913	533,121	969,934	750,240	746,501	750,300
Categorical State Aid*	3,622,685	4,087,798	4,186,173	4,290,589	4,590,258	4,866,720	4,866,720	5,110,056
Extraordinary Aid	1,369,345	2,478,553	1,931,302	3,067,905	3,074,305	1,767,775	2,920,000	2,750,000
Fed SEMI	5,023	6,420	41,458	61,757	41,552	69,332	48,000	48,000
Cap Reserve Withdrawal						-		
Fund Balance				-	-	1,765,949		2,650,000
Budgeted Revenue	83,950,419	89,569,861	90,545,086	93,287,575	94,238,934	97,651,106	97,012,311	102,857,706

* Categorical ("category") State Aid refers to the components of State Aid which are not based on "need" but allocated across the State's district's based on enrollment population in a particular category. **Fact checker spoiler alert, you will note dollar rounding errors, if you are so inclined as to add the columns.**

2018 to 2022 Actual Gen Fund Expense Analysis w Estimated Actual 2023 and Preliminary 2024 Budget



	Actual 17-18	Actual 18-19	Actual 19-20	Actual 20-21	Actual 21-22	Final Adopt 22-23 Bud.	Est. Act. 22-23	Prelim Bud 23-24
Appropriations (Expenses):								
Salaries	51,558,305	53,425,769	52,207,317	52,943,356	54,459,174	57,440,357	57,122,950	60,275,000
Benefits	14,498,842	15,397,570	16,240,594	16,644,463	15,995,273	17,057,456	16,800,000	17,640,000
	<u>66,057,147</u>	<u>68,823,339</u>	<u>68,447,911</u>	<u>69,587,819</u>	<u>70,454,447</u>	<u>74,497,813</u>	<u>73,922,950</u>	<u>77,915,000</u>
Charter School	5,539,621	6,161,680	6,544,147	6,603,954	7,122,382	7,331,036	7,011,200	7,186,480
Insurance, Legal and Prof. Svcs.	1,589,475	1,394,305	1,381,160	1,546,595	1,958,554	1,917,510	1,795,712	1,831,626
Maintenance, Custodial	1,980,036	1,382,706	1,335,686	1,712,554	2,898,526	1,508,964	2,405,781	1,508,964
Energy	1,288,069	1,418,157	1,390,558	1,262,505	1,461,899	1,517,511	1,546,112	1,592,495
Stndt Svcs.-Tuitons -Home Instr	4,105,186	3,776,066	4,032,317	3,998,128	3,343,442	4,250,215	4,076,122	4,125,000
Curriculum and Instruction	625,006	599,106	326,684	354,567	420,330	650,000	545,301	967,646
Technology	1,117,397	1,088,678	888,802	1,300,599	1,778,709	1,237,207	1,326,892	1,250,000
Schoool Budgets	1,259,575	1,372,337	986,226	875,882	1,109,509	1,100,000	1,150,000	1,150,000
Transportation	1,812,815	2,068,248	1,714,658	1,853,597	2,375,778	2,423,858	2,734,780	2,950,000
Athletics	410,991	511,988	408,693	373,771	551,505	533,268	722,717	800,000
Covid Expenses			-	1,804,920				
Bud. Fnd Bal. & Cap Resrve						683,724		
Supplies and Services	<u>19,728,171</u>	<u>19,773,272</u>	<u>19,008,932</u>	<u>21,687,073</u>	<u>23,020,634</u>	<u>23,153,293</u>	<u>23,314,617</u>	<u>23,362,211</u>
Total Expenditures	<u>85,785,318</u>	<u>88,596,611</u>	<u>87,456,843</u>	<u>91,274,892</u>	<u>93,475,081</u>	<u>97,651,106</u>	<u>97,237,567</u>	<u>101,277,211</u>
Surplus/(Deficit) of Rev.	<u>(1,834,899)</u>	<u>973,250</u>	<u>3,088,243</u>	<u>2,012,683</u>	<u>763,853</u>	<u>0</u>	<u>(225,256)</u>	<u>1,580,494</u>

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Fund Balance Analysis

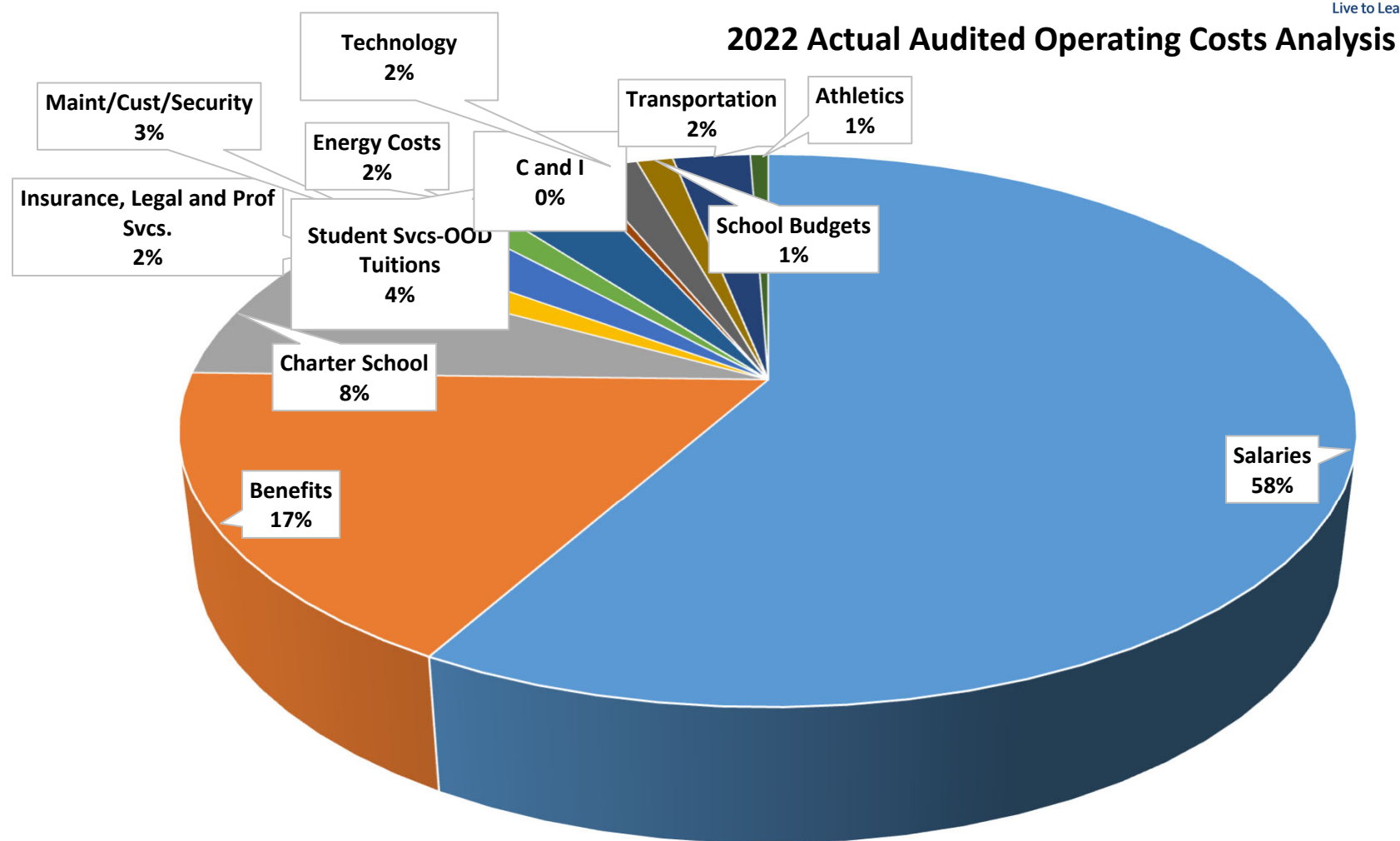
	Actual	Actual	Actual	Actual	Actual	Final Adopt	Est. Act.
	Actual 17-18	Actual 18-19	19-20	20-21	21-22	22-23 Bud.	22-23
Non-Cap Rsrve ("free") Fund Bal.	5,369,799	6,310,095	8,707,636	10,541,873	11,101,758	11,101,758	10,876,502
Cap Reserve Fund Balance	2,242,450	2,303,847	3,015,413	2,885,813	1,318,184	1,318,184	1,250,000
	7,612,249	8,613,942	11,723,049	13,427,686	12,419,942	12,419,942	12,126,502

We have been using capital reserve to do important replacements and renovations on PMS Pool HVAC system, district wide HVAC equipment, PHS shingle roof as well as augmenting the 2018 Referendum project.

We have plans to use more capital reserve, hopefully to augment additional HVAC projects through BPU funded grant where we may get back up to 75% of costs. Approvals are pending.

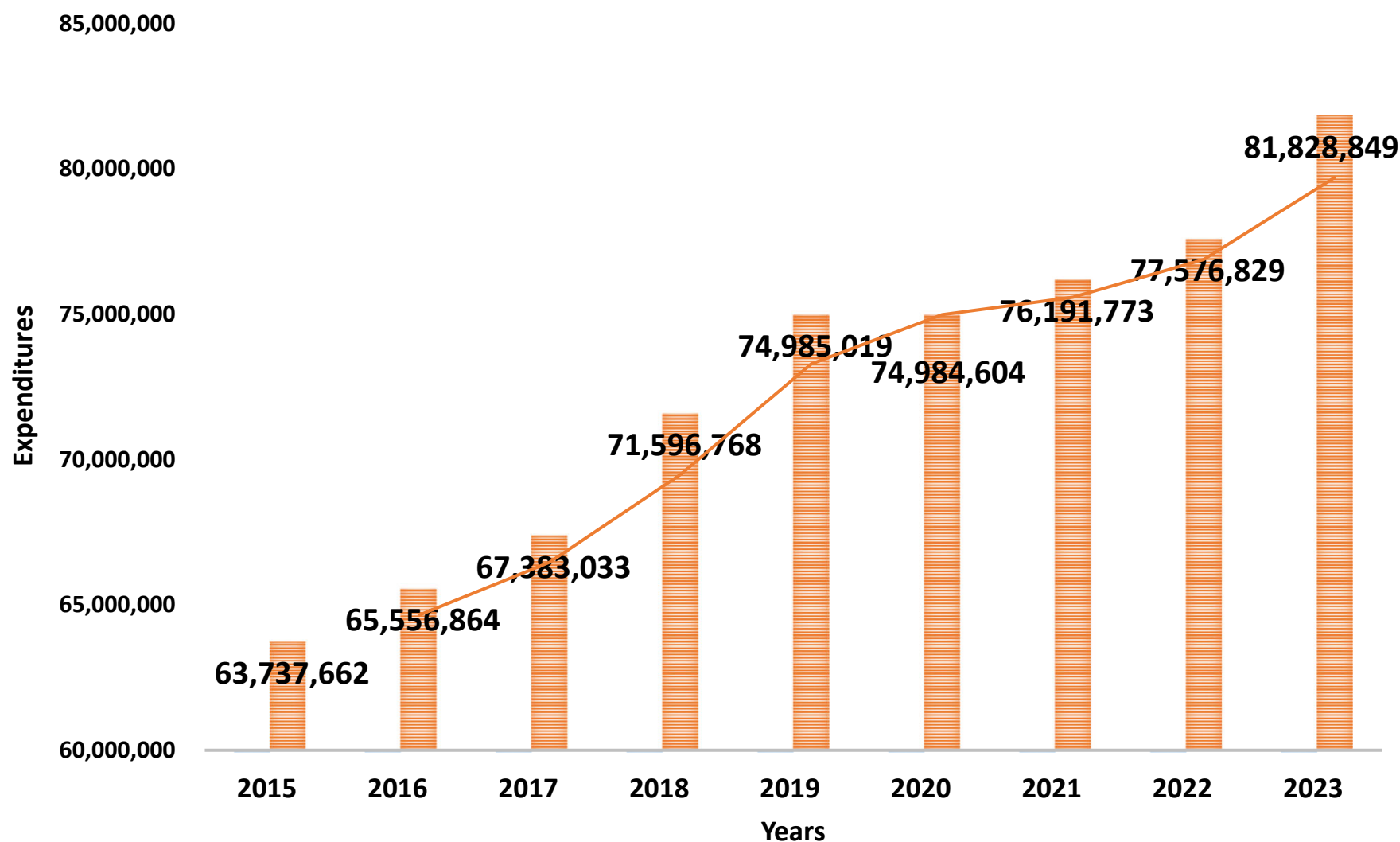


2022 Operating Budget Actual Results : How was it spent?



2015 to 2023 Major Budget Trend (2023 Estimated)

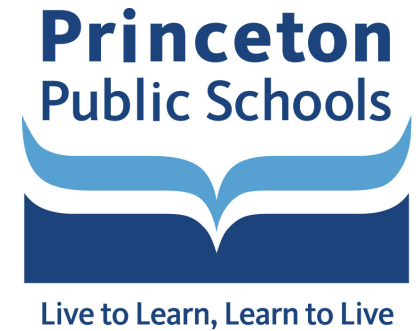
SALARIES, BENEFITS AND CHARTER SCHOOL EXPENDITURES



Budget Related Question and Answer Session



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