

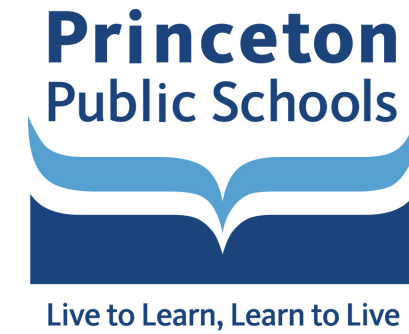


2024-2025 Budget Tentative Budget Adoption

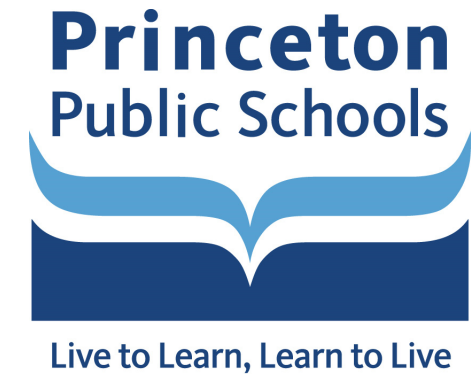
March 18, 2024

Outline of Discussion

- **Our Promise – Strategic Plan Goals**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Debt Service Analysis**
- **Tentatively Adopted Budget Analysis**
- **Questions?**



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

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.

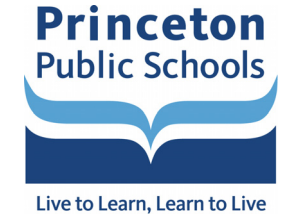
Wellness, Inclusion and Supports for All: Every student will be known, connected, engaged, and supported, and will encounter fair, affirming schooling experiences at every stage.

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 postsecondary pathway of their choice and design.



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.



Budget Calendar

2024-2025 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 21st

January-February - Central Office Analysis

February 6th - Budget Workshop-Top level overview

February 28th - Governor Murphy's Budget Address and PPS Board Meeting

March 1st - State Aid Numbers released (48 hours after Budget Address)

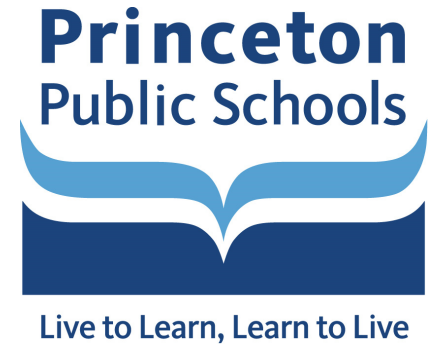
March 18th - Tentative Budget Adoption (TONIGHT)

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

April 30th - Public Budget Hearing and Final Budget Adoption

Budget presentations throughout the budget development and approval process.

What makes Princeton Public Schools Unique



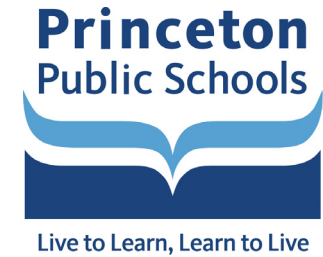
- World class university in our community
- Small Schools with generally comparatively small class sizes
- A large number of student programs and opportunities
- A large number of student support services including a full time Family Liaison for Elementary, Middle and High School
- A very experienced 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

24-25 Budget “Drivers”

- Meeting student needs post-pandemic
More students needing extra services and out of district placements as well as maintaining small class sizes
- Inflation and Scarcity
Less teachers and high employment costs; our transportation costs alone, both contracted and in district will have increased well over \$2MM dollars (68.78%) in 3 years

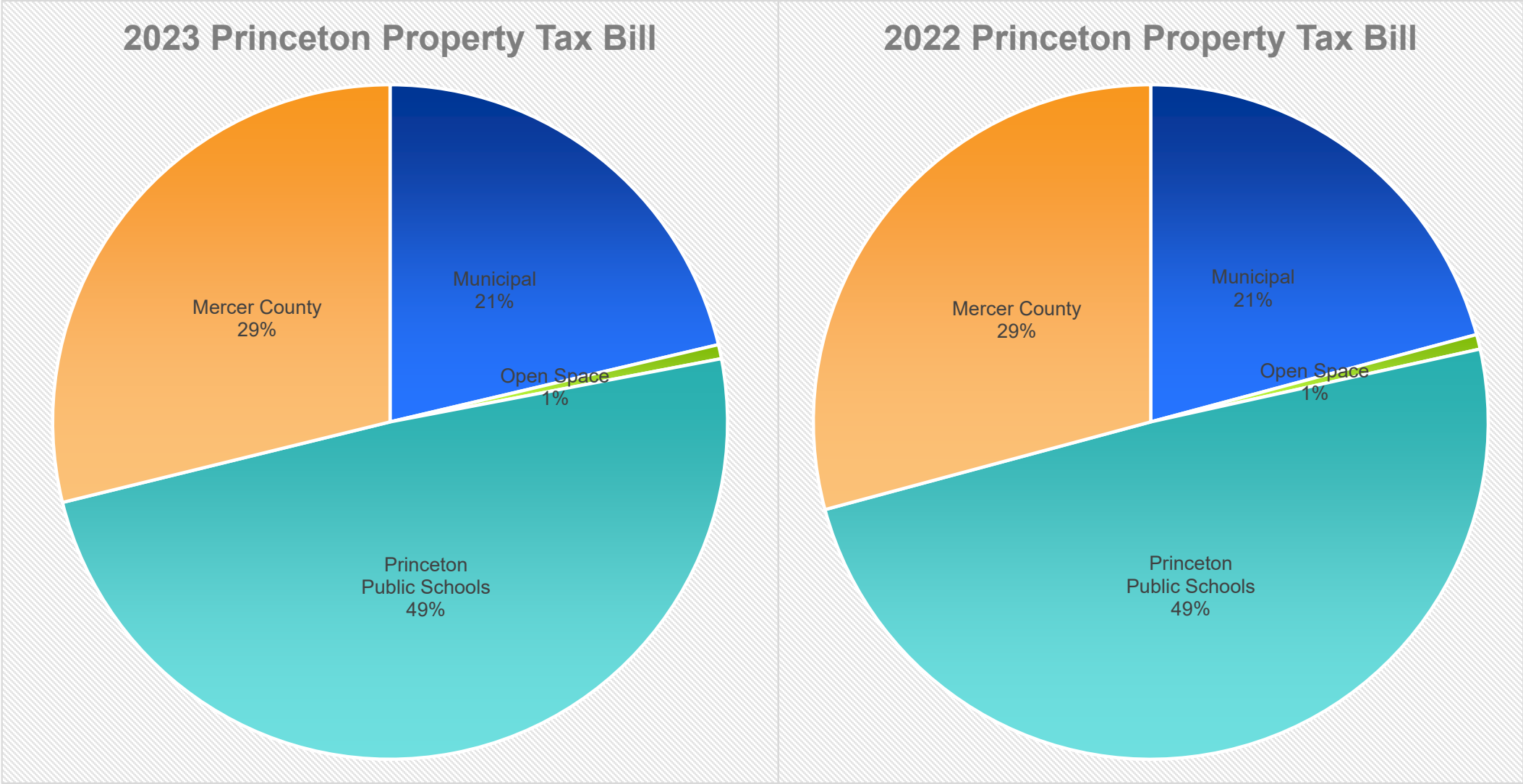
Pressure on health care costs and property and casualty insurance
- Improving pedagogy
Ensuring we have adequate funds for Curriculum and Instruction
- Continuing to focus on maintaining and improving our Facilities

PPS ACCOMPLISHMENTS



- Passed 2 Referenda, with overwhelming community support, which have focused on maintaining facilities and improving the health, safety and wellness for our students and staff
- In the past few years have completed reviews of Math, DLI, Special Education, Technology and continued to plan for increased development in town with our Long Term Planning Consultants
- Improving pedagogy with rolling out new data tools and improving multi-tiered structures for support which help our students who need help
- Utilized grants available from both Princeton University and State to offer extra supports and tutoring for our students

Calendar Tax year Princeton Property Tax Comparison



Source: 2022 and 2023 Mercer County Abstract of Ratables

2024-25 School Tax (Tent. Adopt.): Two Separate Levies = \$91.101MM

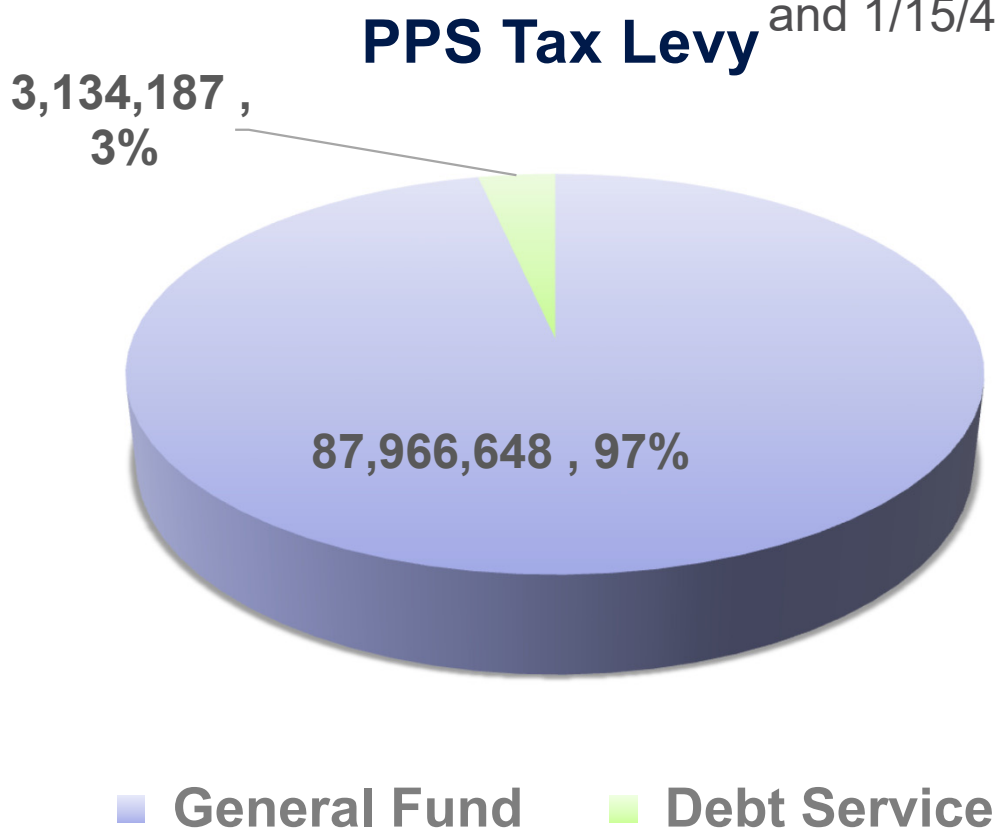


General Fund Levy = \$87.967 MM

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

Debt Service Levy = \$3.134 MM

- Funds **long-term capital** projects
- Approved by taxpayers via referendum
- As of 6-30-2023, \$40.975 MM debt outstanding, with maturities of 7/15/38 and 1/15/42

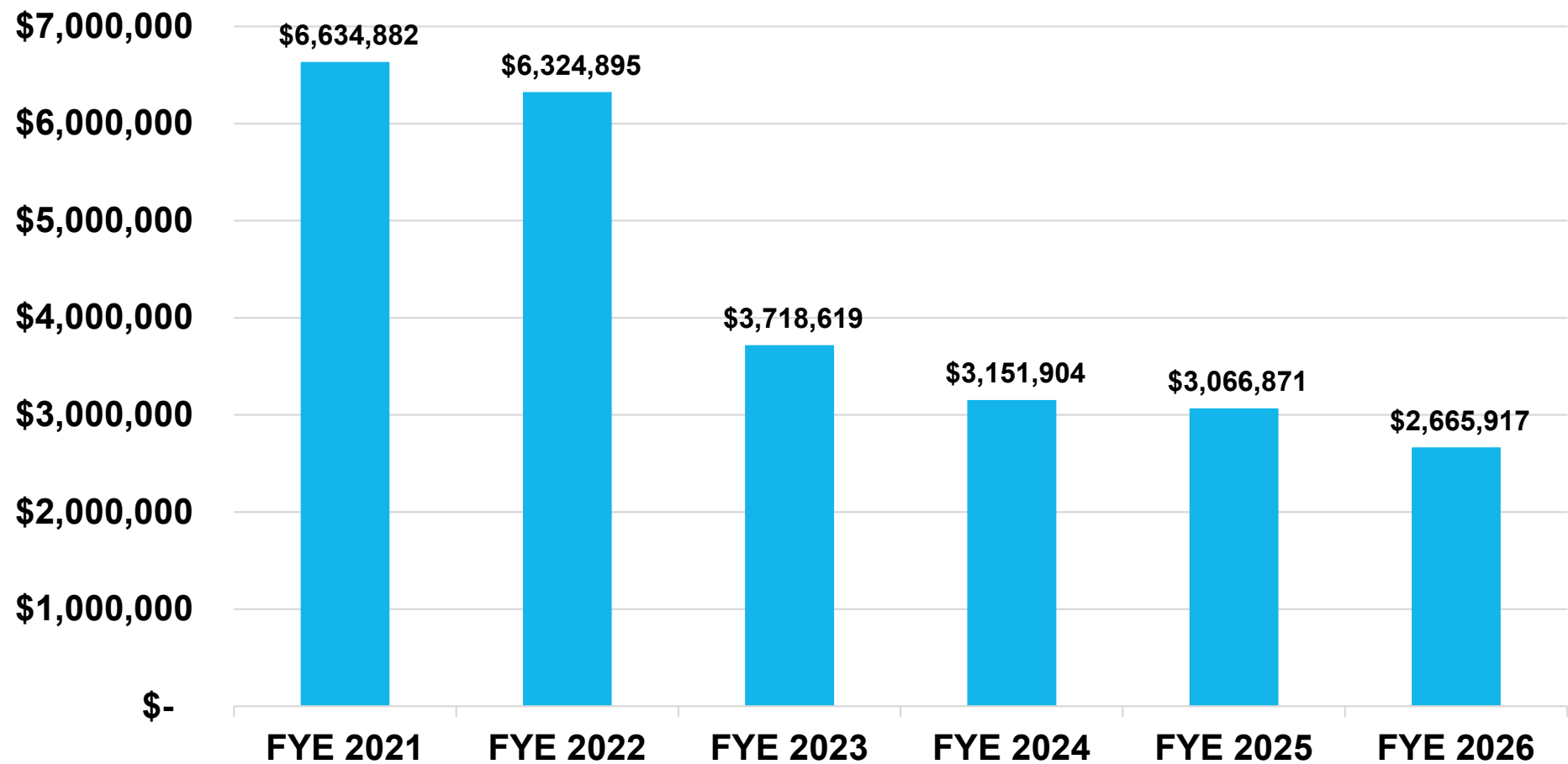


Debt Service Levy → Pays for Long-Term Debt

- Three Bond issues currently outstanding, with a new \$12.998MM issue on 12-28-2023, approved by voters **70.8%** on November 7, 2023.
- Our most current Debt was issued at 3.261% over 13 years with a Aaa (“triple A” Moody’s) rating which is the highest credit rating available. See Outstanding Debt as of **12/31/2023** Below:

	Orig. Issue Date	Maturity Date	Int. Rates	Int. Rates	Principal Bal. 12/31/2023
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50%	3.00%	24,525,000
17.451 MM School Bonds	3/30/2022	1/15/2042	2.60%	2.75%	16,450,000
12.998 MM School Bonds	12/28/2023	1/15/2037	2.63%	3.40%	12,998,000
					<u><u>53,973,000</u></u>

Projected Change in “Net” Debt Service over next 2 Fiscal Years (FYE), assuming no new debt and includes \$250,000 in investment earnings on unexpended proceeds.



2022, 2023 and 2024 School Tax Levy Comparison



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

Calendar 2022 Tax Levy:

\$81.713 MM General Fund Levy
+\$5.022 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 School Tax Levy:

\$86.098 MM Gen Fund Levy(3.71%)
+\$3.152 MM Debt Service Levy
= \$89.250 MM

Calendar 2023 Tax Levy:

\$84.557 MM General Fund Levy
+\$3.435 MM Debt Service Levy
= **\$87.993 MM***

2023-24 School Tax Levy:

\$86.098 MM Gen Fund Levy(3.71%)
+\$3.152 MM Debt Service Levy
= \$89.250 MM

2024-25 Prelim. School Tax Levy:

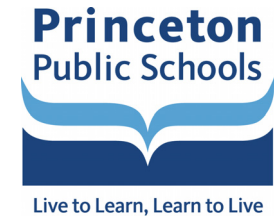
\$87.967 MM Gen Fund Levy(2.00%)
+\$3.134 MM Debt Service Levy
= \$91.101 MM

Estimated Calendar 2024 Tax Levy:

\$87.033 MM General Fund Levy
+\$3.143 MM Debt Service Levy
= **\$90.176 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



- **Tentative Adopted Calendar 2024 total school levy of \$90.176 MM**
- **School Tax rate tentatively increases from 1.236 to 1.264 per \$100 assessed property value**
 - Princeton 2024 estimated actual tax base, net assessed valuation (ratables) of \$7.134 Billion*
 - Tax base in-creased (est.) .20% from 2023 to 2024, which means tax levy shared across a slightly larger base.
- **...which means that a 2.48% estimated calendar year school tax levy increase results in a 2.266% “effective” school tax increase.**

**2024 ratables from Tax Assessor and are estimated as of 3-14-2014 and are fairly close to final*

Taxpayer Impact – Estimated at Tentative Adoption

PRINCETON ~ MUNICIPALITY OF

School Year July - June

March 16, 2024

	2017~2018	2018~2019	2019~2020	2020~2021	2021~2022	2022~2023	2023~2024	2024~2025
	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY
GENERAL FUND	\$ 73,055,295	\$ 76,246,634	\$ 78,244,588	\$ 79,613,868	\$ 80,410,007	\$ 83,016,283	\$ 86,098,310	\$ 87,966,648
DEBT SERVICE	\$ 5,512,273	\$ 5,168,761	\$ 5,754,598	\$ 6,634,882	\$ 6,324,895	\$ 3,718,619	\$ 3,151,904	\$ 3,134,187
TOTAL TAX LEVY	\$ 78,567,568	\$ 81,415,395	\$ 83,999,186	\$ 86,248,750	\$ 86,734,902	\$ 86,734,902	\$ 89,250,214	\$ 91,100,835
Y/Y % Increase		3.62%	3.17%	2.68%	0.56%	0.00%	2.90%	2.07%
						7 year Compound Annual Growth Rate (CAGR)		2.14%

2024 Est. TAX RATE PER \$100.00 OF ASSESSED PROPERTY VALUATION **\$ 1.26401**

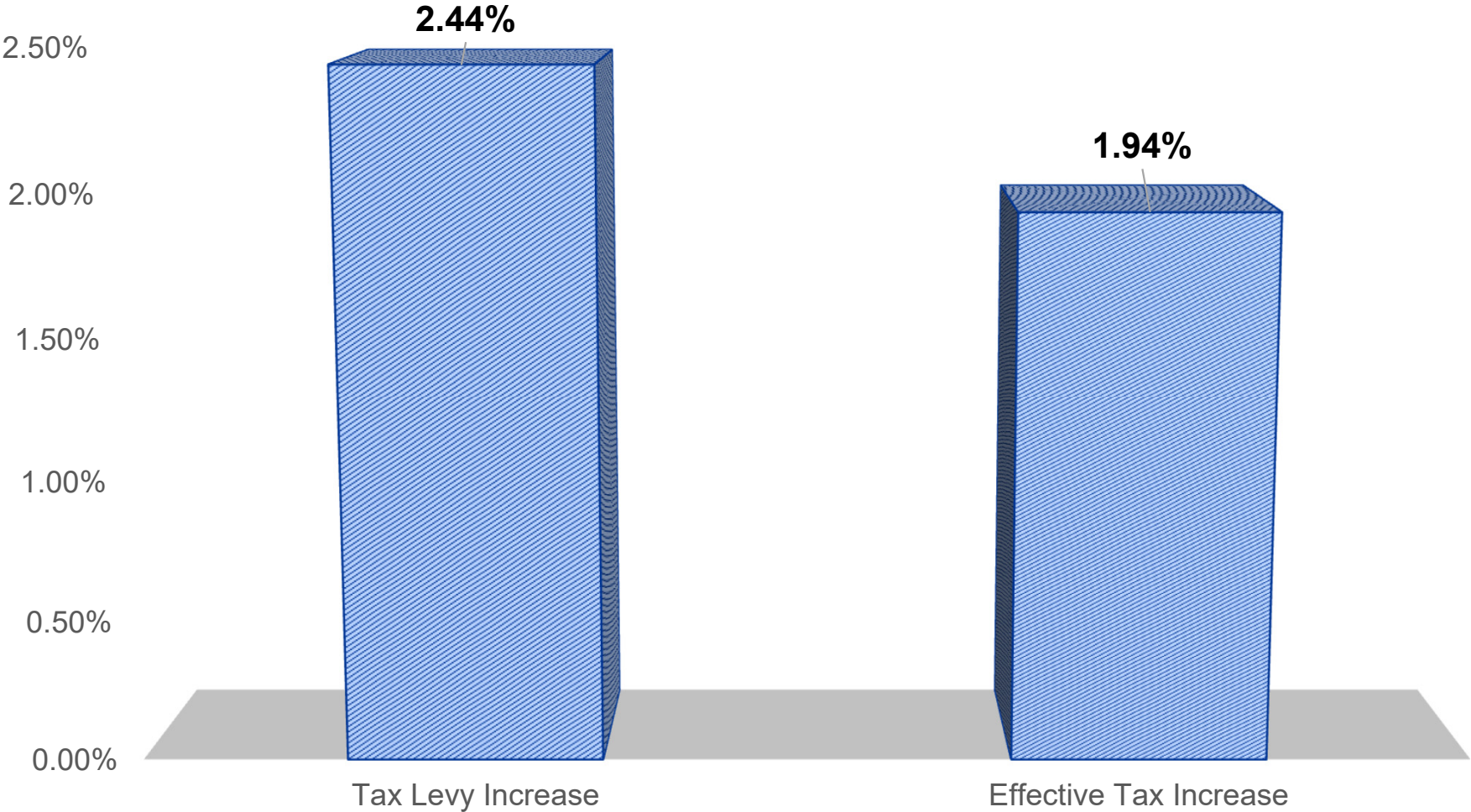
INCREASE OVER LAST MUNICIPAL TAX YEAR ~ January ~ December ~ Split 2 YR School Tax

Ave. Assessed Home Value

2023 Rate	Per \$100	\$ 0.028	Tax Year 2023	Tax Year 2024	Difference In	2022 \$	844,787
\$ 1.23600	% Increase	2.266%	School Tax	School Tax	School Tax	2020 \$	841,064
						2019 \$	838,562
Home Assessed Value of \$650,000			\$ 8,034.00	\$ 8,216.05	\$ 182.05	2023 Increase	
Home Assessed Value of \$750,000			\$ 9,270.00	\$ 9,480.06	\$ 210.06	253.88	
Home Assessed Value of \$844,787			\$ 10,441.73	\$ 10,678.34	\$ 236.61	~Estimated increase	
Home Assessed Value of \$850,000			\$ 10,506.00	\$ 10,744.07	\$ 238.07	\$ 329.97	
Home Assessed Value of \$900,000			\$ 11,124.00	\$ 11,376.07	\$ 252.07	332.00	
Home Assessed Value of \$1,000,000			\$ 12,360.00	\$ 12,640.08	\$ 280.08	351.53	
Home Assessed Value of \$1,500,000			\$ 18,540.00	\$ 18,960.12	\$ 420.12	390.59	
						585.88	

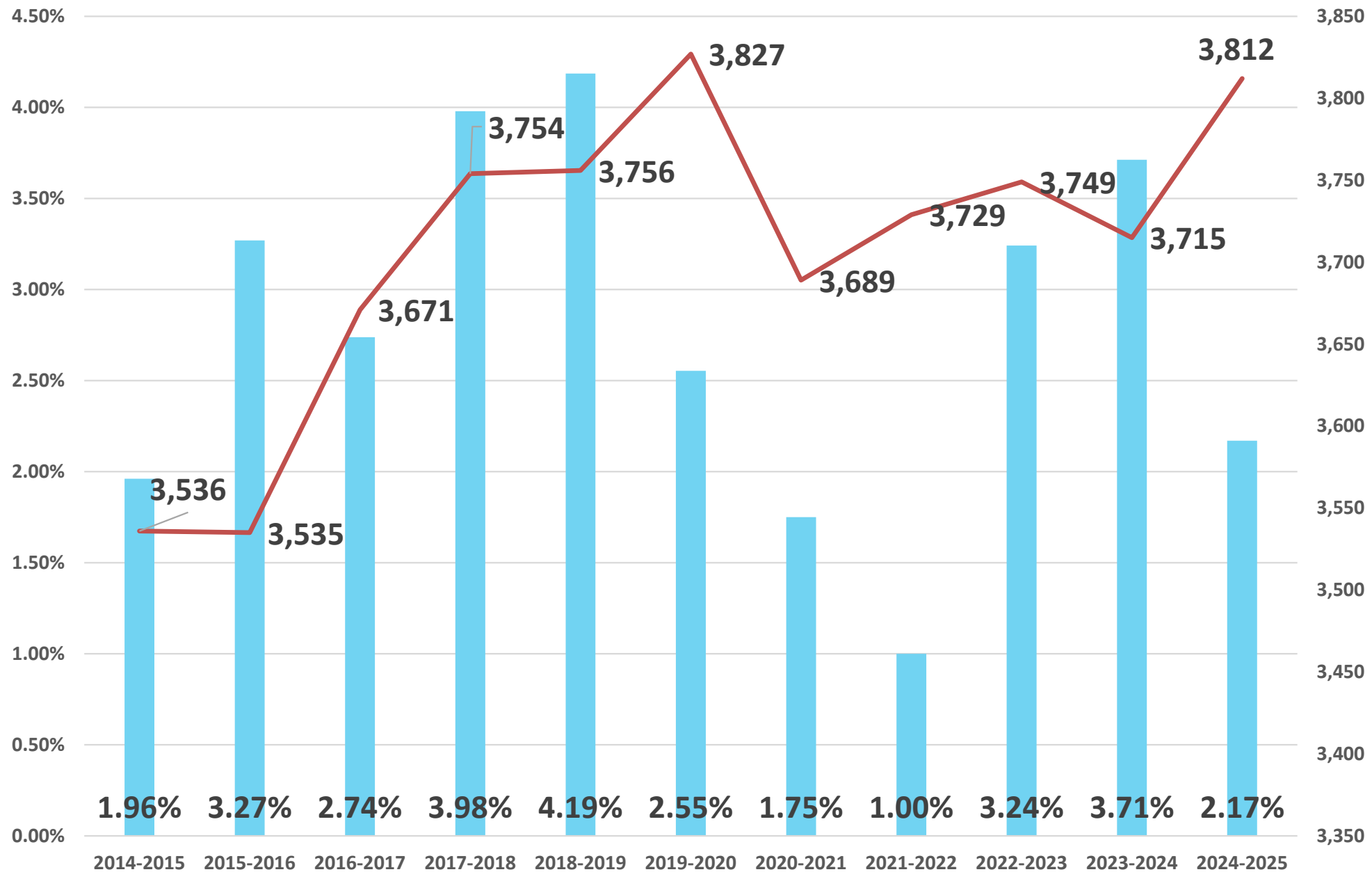
9 year (Estimated) tax levy and school tax growth – Effect of Rising Tax Ratables

‘2015 to ‘2024 (Est.) PPS Tax Levy Increase vs. Effective Tax Increase

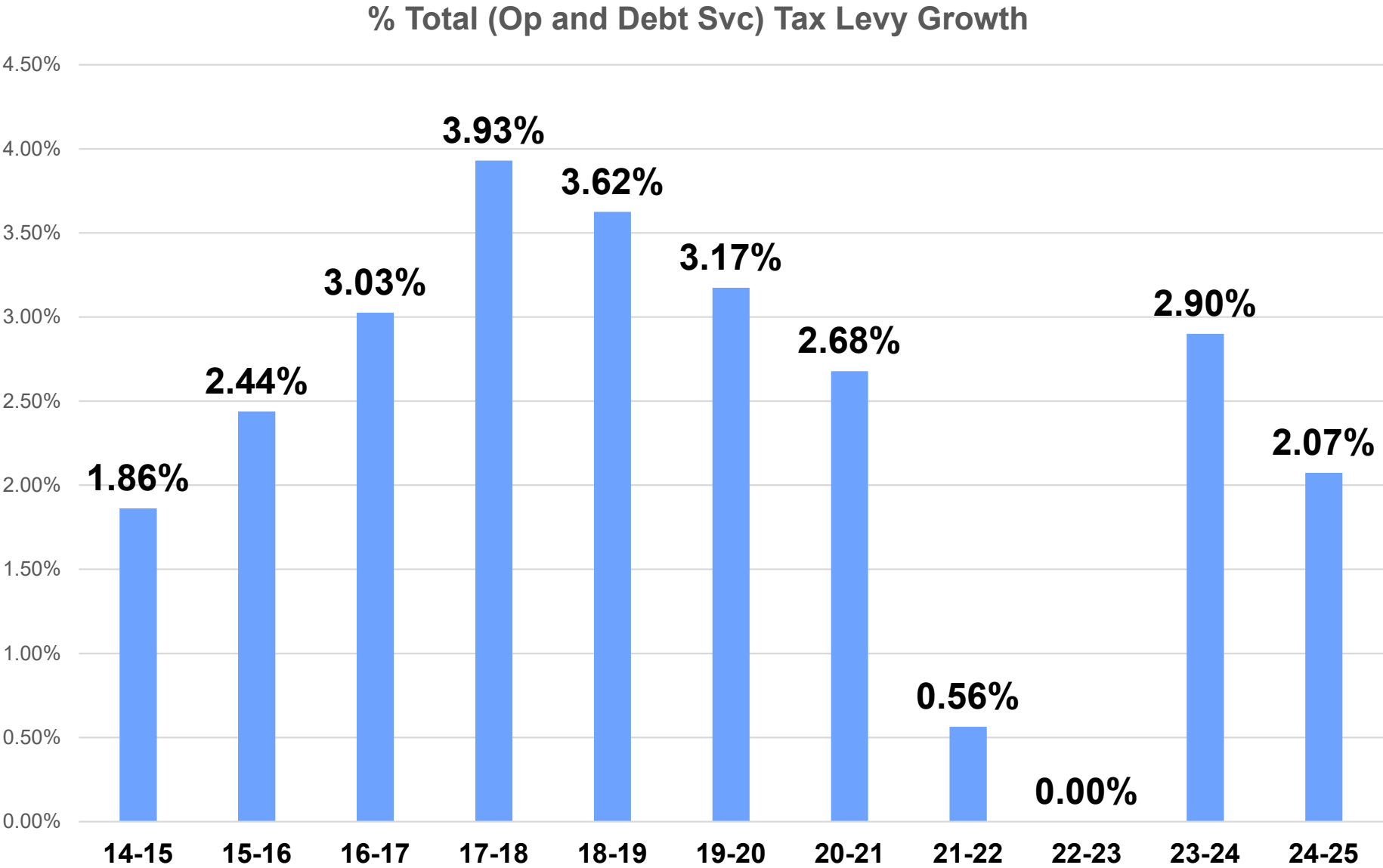


General Fund Tax Levy Growth % vs. Enrollment

Enrollments are actual except last two years



Total Tax Levy Growth Analysis – Past 11 Fiscal Years (June 30)



Banked Tax Cap Analysis

3/18/2024

<u>Description</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>
Generated	796,138	-	94,684	-	613,135
Expiring	-	-		51,688	
Available	253,626	1,049,764	51,688	146,372	
Used/Will Use	-	998,076		146,372	
Foregone Tax Levy	5,073	15,923	-	1,894	

Banked Cap:

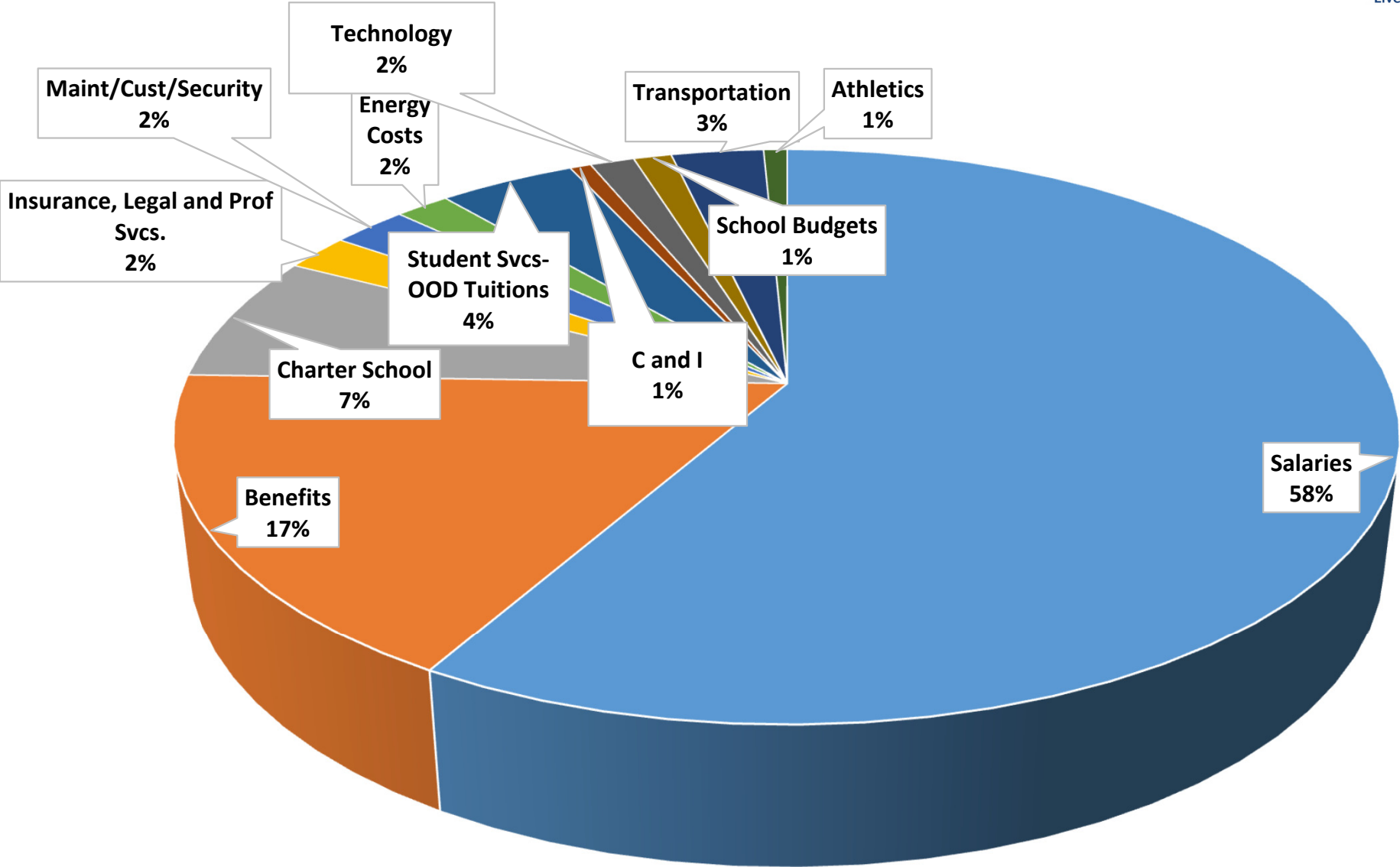
Unused taxation or spending authority, that can be saved for 3 future budget cycles and is generated by not spending to the allowable 2% cap or using automatic cap waivers for health insurance, enrollment or deferred pension increases

District has banked cap expiring in the 24-25 (THIS) budget cycle and is generating future banked cap for unused health care waiver

Fund Balance Analysis

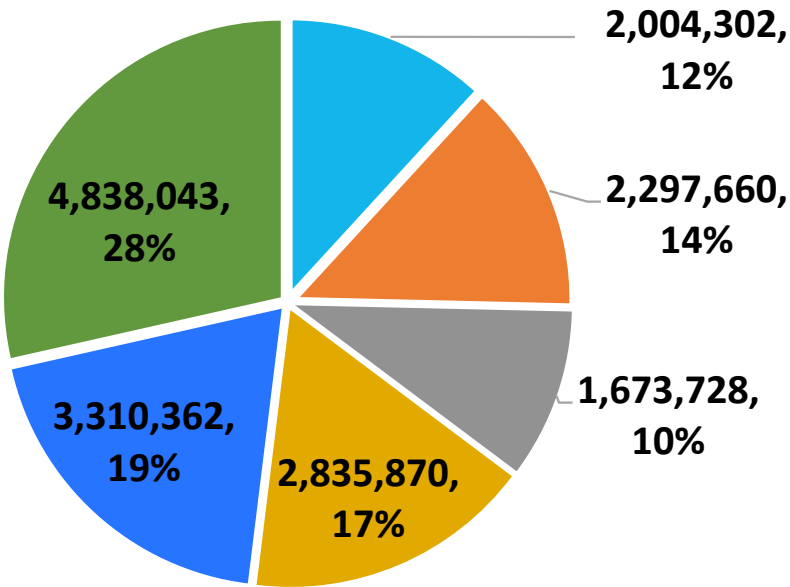
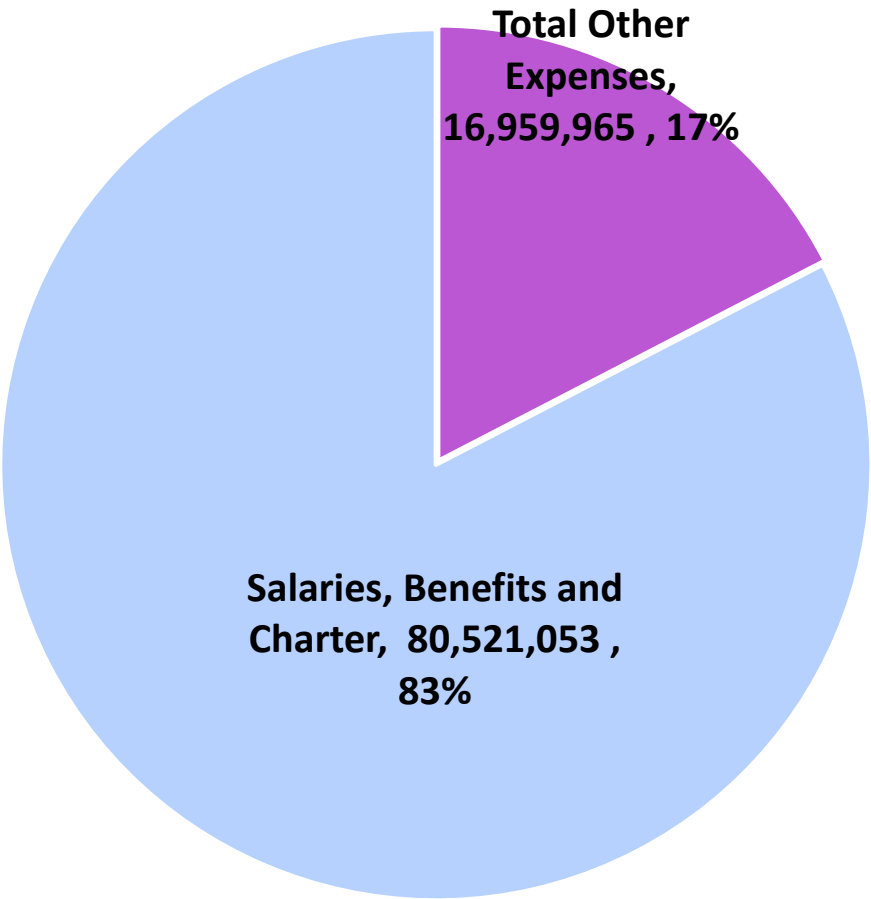
3/16/2024	Actual 18-19	Actual 19-20	Actual 20-21	Actual 21-22	Actual 22-23	Est. Act. 23-24	Tent. Adopt. 24-25
("FREE") Fund Bal.	6,310,095	8,707,636	10,541,873	11,101,758	11,125,390	11,125,390	11,125,390
Cap Reserve Fund Balance	2,303,847	3,015,413	2,885,813	1,318,184	1,727,409	2,241,894	2,241,894
	<u>8,613,942</u>	<u>11,723,049</u>	<u>13,427,686</u>	<u>12,419,942</u>	<u>12,852,799</u>	<u>13,367,284</u>	<u>13,367,284</u>

2023 Operating Budget Actual Results : How was it spent?



Major Budget Trends – 82.64% of Actual 2023 Expenses are Salaries, Benefits and Charter

Remainder of “Other” is 4.96% of Total Budget



- Insurance, Legal and Prof. Svcs.
- Maintenance, Custodial
- Energy
- Transportation
- Out of District Tuitions
- Other

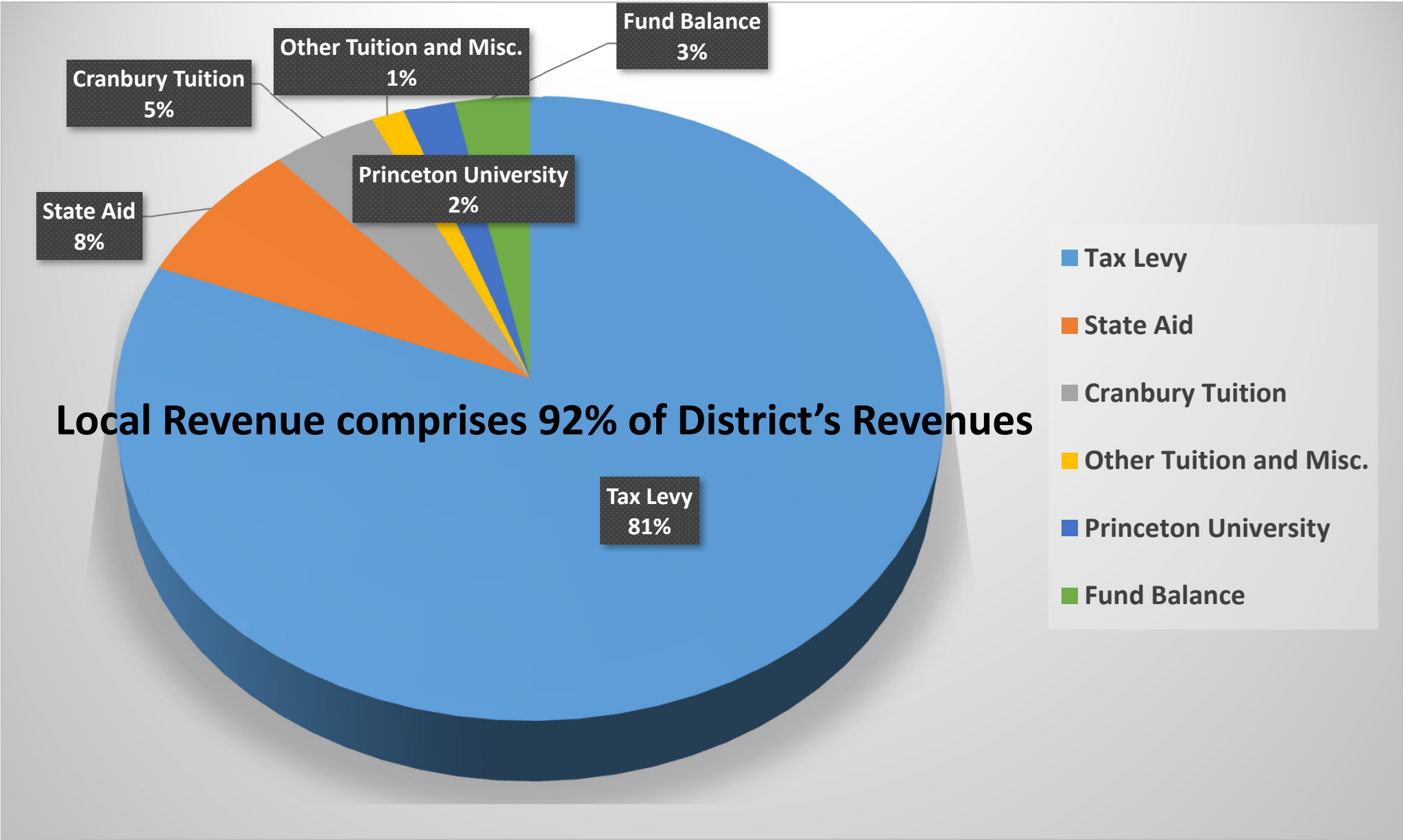
24-25 TENTATIVE ADOPTED GENERAL FUND

Expenditure Analysis-including salaries

Appropriation Groupings	FYE 22	FYE 23	Est. Actual FYE 24	23 v. 22	% 24 v. 23	\$ 24 v. 22	2 Yr. CAGR
Human Resources, Subs, Duty Pay	\$ 2,874,331	\$ 2,885,840	\$ 2,909,051	0.40%	0.80%	\$ 34,720	0.60%
Business, Suprntndnt Hlth and Safety and Prnt Liaison	1,802,742	1,975,954	2,155,955	9.61%	9.11%	353,213	9.36%
Maintenance, Grounds, Maint/Cust OT and Energy	7,251,581	7,202,167	7,125,709	-0.68%	-1.06%	(125,872)	-0.87%
Student Services, MLL, AIS, Elem Guidance	17,591,403	19,746,380	21,468,985	12.25%	8.72%	3,877,582	10.47%
C and I and Gifted/Talented	2,041,876	2,252,037	2,361,554	10.29%	4.86%	319,678	7.54%
Technology	2,850,059	2,204,269	2,062,677	-22.66%	-6.42%	(787,382)	-14.93%
JP	2,798,066	2,940,839	3,045,350	5.10%	3.55%	247,284	4.33%
CP	2,932,968	3,017,625	3,173,484	2.89%	5.16%	240,517	4.02%
LB	2,864,252	2,955,646	3,202,417	3.19%	8.35%	338,164	5.74%
RS	2,718,661	2,479,812	2,606,526	-8.79%	5.11%	(112,136)	-2.08%
Transportation	3,620,623	4,485,987	5,266,748	23.90%	17.40%	1,646,125	20.61%
PMS	6,235,223	6,735,928	6,652,906	8.03%	-1.23%	417,683	3.30%
PHS	14,379,803	14,983,888	15,297,966	4.20%	2.10%	918,163	3.14%
District Benefits-Incl Health, SS, Pensions	15,920,071	16,716,006	17,293,579	5.00%	3.46%	1,373,508	4.22%
Charter School	7,122,382	6,898,642	7,572,769	-3.14%	9.77%	450,387	3.11%
	<u>\$93,004,042</u>	<u>\$97,481,018</u>	<u>\$ 102,195,676</u>			<u>\$9,191,634</u>	4.83%

CAGR-Compound Annual Growth Rate

2024-25 Tentative Adopted Revenues



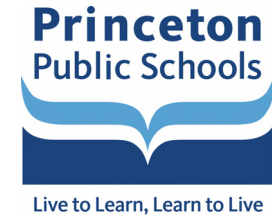
24-25 TENTATIVE ADOPTED GENERAL FUND

Big Picture Movements-NO FUND BALANCE

3/18/2024

	Three Year Increase		25 vs '22	25 vs '22	25 vs '22
	Actual	Tent. Adopt	%	\$	CAGR %
	21-22	24-25	Chnge.	Chnge.	Chnge.
			Bud vs Act.	Bud vs Act.	
Revenue:					
Total Tax Levy	80,410,007	87,966,648	9.40%	7,556,641	3.04%
Categorical State Aid	4,590,258	5,348,358	16.52%	758,100	5.23%
Princeton University		2,386,800		2,386,800	
Other Changes	9,238,669	9,378,120		139,451	0.50%
Budgeted Revenue (NO FND BAL)	94,238,934	105,079,926	19.57%	10,840,992	3.70%
Appropriations (Expenses):					
Salaries	54,459,174	60,960,400	11.94%	6,501,226	3.83%
Benefits	15,995,273	18,397,737	15.02%	2,402,464	4.77%
	70,454,447	79,358,137	12.64%	8,903,690	4.05%
NON-Salary Expenses					
Charter School	7,122,382	8,116,712	13.96%	994,330	4.45%
Maintenance, Custodial	2,898,526	1,803,000	-37.80%	(1,095,526)	-14.64%
Stndt Svcs.-Tuitons -Home Instr	3,343,442	5,139,280	53.71%	1,795,838	15.41%
Curriculum and Instruction	420,330	1,055,180	151.04%	634,850	35.91%
Technology	1,778,709	1,347,702	-24.23%	(431,007)	-8.83%
Transportation	2,375,778	3,284,676	38.26%	908,898	11.40%
Athletics	551,505	925,077	67.74%	373,572	18.82%
Other Changes	4,529,962	4,050,162	-10.59%	(479,800)	-3.66%
Supplies and Services	23,020,634	25,721,789	11.73%	2,701,154	3.77%
Total Expenditures	93,475,081	105,079,926	12.41%	11,604,844	3.98%
				-763,852.48	

24-25 TENTATIVE ADOPTED GENERAL FUND BUDGET REVENUES



3/18/2024	Actual	Actual	Adopt	Est. Act.	Tent. Adopt.	25 vs '24 %	25 vs '24 \$	24 vs '23 %	24 vs '23 \$
	21-22	22-23	23-24	23-24	24-25	Inc.	Inc.	Inc.	Chnge.
Revenue:						Bud. vs PY	Bud. vs PY	Est. vs PY	Est. vs PY
Tax Levy	79,613,868	80,410,007	83,016,283	83,016,283	86,098,310			3.24%	2,606,276
Tax Levy Increase-2%	796,139	1,608,200	1,660,326	1,660,326	1,721,966				52,126
Banked Cap Utilized	-	998,076	-	-	146,372				(998,076)
Health Care Waiver	-	-	1,421,701	1,421,701	-				1,421,701
Enrollment Waiver	-	-	-	-	-				-
Total Tax Levy	80,410,007	83,016,283	86,098,310	86,098,310	87,966,648	2.17%	1,868,338	3.71%	3,082,027
Tuitions	5,152,878	5,395,363	5,209,229	5,209,229	5,175,390		(33,839)	-3.45%	(186,134)
Misc. and Interest	969,934	786,796	750,300	1,153,000	1,157,000		406,700	46.54%	366,204
Categorical State Aid	4,590,258	4,945,004	5,348,358	5,348,358	5,825,807		477,449	8.16%	403,354
Extraordinary Aid	3,074,305	2,631,610	2,750,000	2,631,610	2,500,000		(250,000)	0.00%	-
Princeton University		1,125,000	2,750,000	2,295,000	2,386,800		(363,200)	104.00%	1,170,000
Fed SEMI	41,552	46,781	66,242	46,781	68,281		2,039	0.00%	-
Fund Balance	-		3,275,760		3,500,000		224,240		-
Budgeted Revenue	94,238,934	97,946,837	106,248,199	102,782,288	108,579,926	2.19%	2,331,727	4.94%	4,835,451

24-25 TENTATIVE ADOPTED GENERAL FUND BUDGET EXPENDITURES (APPROPRIATIONS)

3/18/2024	Actual 21-22	Actual 22-23	Adopt 23-24	Est. Act. 23-24	Tent. Adopt. 24-25	25 vs '24 % Inc.	25 vs '24 \$ Inc.	24 vs '23 % Inc.	24 vs '23 \$ Chnge.
						Bud. vs PY	Bud. vs PY	Est. vs PY	Est. vs PY
Appropriations (Expenses):									-
Salaries	54,459,174	56,831,203	61,096,834	59,300,000	62,193,292	1.79%	1,096,458	4.34%	2,468,797
Benefits	15,995,273	16,791,208	19,851,493	17,327,874	19,598,845	10.82%	2,147,352	3.20%	536,666
	70,454,447	73,622,411	80,948,327	76,627,874	81,792,137	1.04%	3,243,810	4.08%	3,005,463
Charter School	7,122,382	6,961,200	7,564,608	7,572,769	8,116,712	7.30%	552,104	8.79%	611,569
Insurance, Legal and Prof.	1,958,554	2,004,302	2,040,628	1,965,626	2,044,651	0.20%	4,023	-1.93%	(38,675)
Maintenance, Custodial	2,898,526	2,327,847	1,800,000	2,073,823	1,803,000	0.17%	3,000	-10.91%	(254,024)
Energy	1,461,899	1,673,728	1,517,511	1,787,920	1,727,511	13.84%	210,000	6.82%	114,192
Stdnt Svcs.-Tuition -Home	3,343,442	4,190,413	4,820,000	4,822,067	5,139,280	6.62%	319,280	15.07%	631,654
Curriculum and Instruction	420,330	654,493	967,646	830,155	1,055,180	9.05%	87,534	26.84%	175,662
Technology	1,778,709	1,356,265	1,347,179	1,210,470	1,347,702	0.04%	523	-10.75%	(145,794)
School Budgets	1,109,509	1,224,347	1,275,000	1,224,347	1,344,000	5.41%	69,000	0.00%	-
Transportation	2,375,778	2,835,870	3,042,223	3,223,410	3,284,676	7.97%	242,453	13.67%	387,539
Athletics	551,505	722,888	925,077	857,215	925,077	0.00%	-	18.58%	134,327
Supplies and Services	23,020,634	23,951,352	25,299,872	25,567,802	26,787,789	5.88%	1,487,917	6.75%	1,616,450
Total Expenditures	93,475,081	97,573,763	106,248,199	102,195,676	108,579,926	2.19%	4,731,727	4.74%	4,621,913
Surplus/(Deficit) of Rev.	763,853	373,074	(0)	586,611	0				

Budget Related Question and Answer Session

