

# Freehold Borough Board of Education

2024-2025 Public Hearing

May 6, 2024



Freehold Borough School District

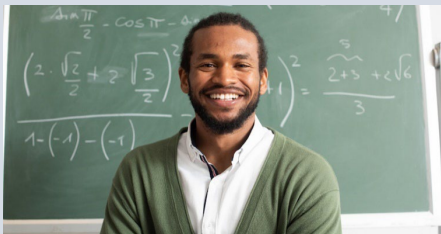
# Budget Development Timeline

- December – Budget process begins with administration
- December – Mid-Year Budget Review with county office
- February 27 – Governor’s Budget address
- February 29 – release of state aid numbers. District on track to full funding under current “S2” law
- March 4 – BOE budget discussions
- March 18 – Adoption of tentative proposed budget
- April 9 – Budget was approved by the Executive County Superintendent
- April 23 – Budget was advertised in Asbury Park Press

# Salaries

## Collective Bargaining Units

- FBEA - 244 Employees. Represents teachers, teacher assistants, secretaries, custodians, and maintenance employees.
  - FBAA - 8 Employees. Represents principals, directors, supervisor, and vice principal.
  - MOESC - 21 Paraprofessionals.
  - Non – unit – 20 Employees. Represents Confidential secretaries, technology staff, security staff, facilities supervisor, business office staff, superintendent.
- 
- Fiscal Year 14: 224 Employees
  - Fiscal Year 24: 272 Employees



Freehold Borough School District

# History of State Aid



Freehold Borough School District

# History of Tax Levy



Freehold Borough School District

# History of Budget

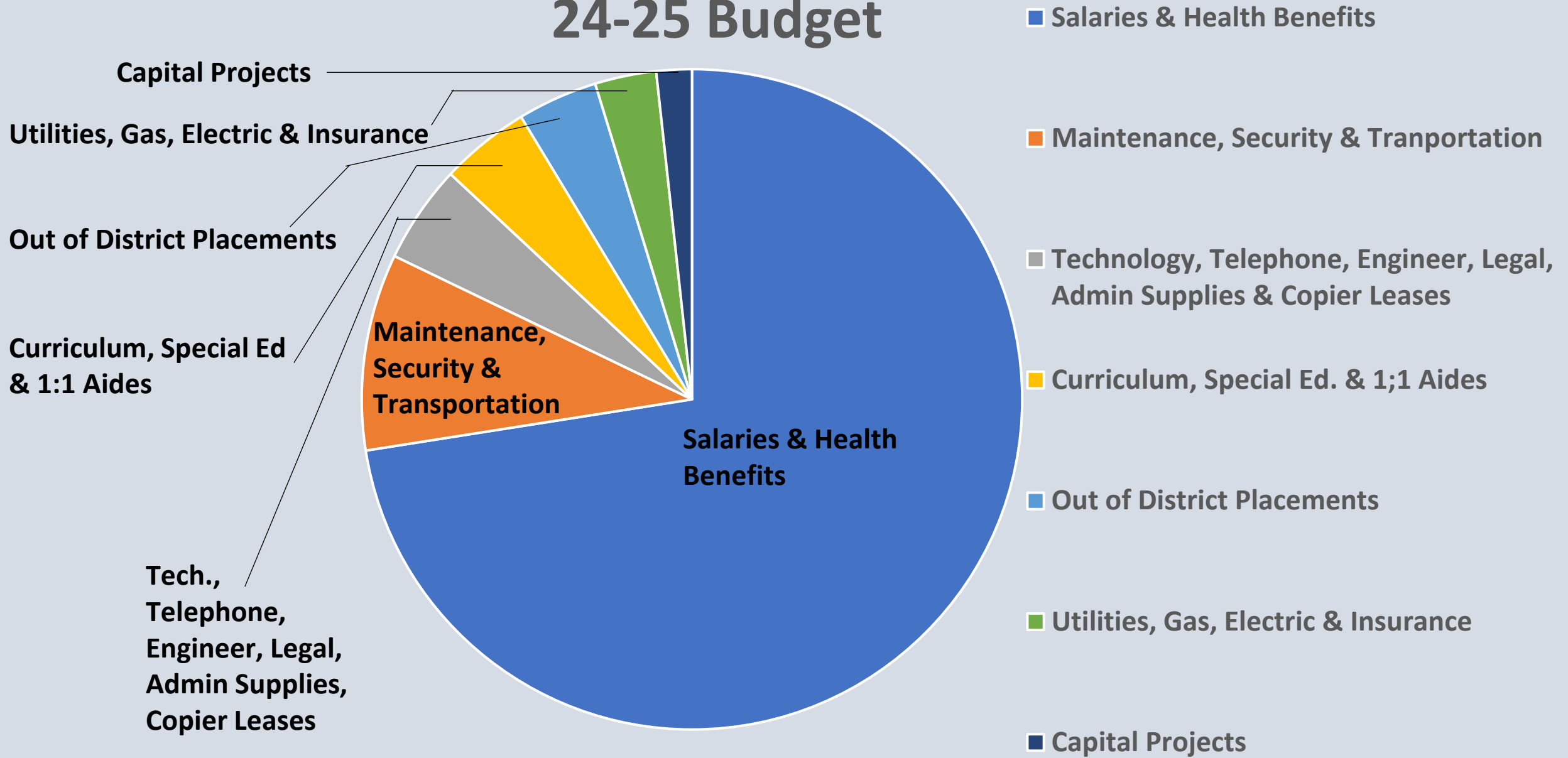


Freehold Borough School District

| <b>Revenue Source</b>                        | <b>2024 – 2025</b>  | <b>% of Budget</b> |
|--|---------------------|--------------------|
| State Aid                                    | \$26,863,748        | 68.6%              |
| Tax Levy                                     | \$11,011,692        | 28.2%              |
| Fund Balance                                 | \$918,287           | 2.3%               |
| SEMI   | \$160,087           | .4%                |
| Extra-ordinary Aid                           | \$139,225           | .4%                |
| Misc. Rev. / Bank Interest / Facility Rental | \$43,733            | .1%                |
| <b>Total Revenue:</b>                        | <b>\$39,136,772</b> | <b>100%</b>        |

| <b>Annual Operating Expenses</b>  | <b>2024 – 2025</b> | <b>% of Budget</b> |
|---|--------------------|--------------------|
| Salaries and Health Benefits  | \$28,381,628       | 72.5%              |
| Maintenance, Security & Transportation                                  | \$3,767,341        | 9.6%               |
| Technology, Telephone, Engineer, Legal, Admin. Supplies & Copier Leases | \$1,881,471        | 4.8%               |
| Curriculum, Special Education & 1:1 Aides                               | \$1,718,129        | 4.4%               |
| Out of District Placements  | \$1,535,264        | 3.9%               |
| Utilities / Gas / Electric & Insurance P&C                              | \$1,175,040        | 3%                 |
| Capital Projects  | \$677,899          | 1.7%               |
| Total Expenses:   | \$39,136,772       | 100%               |

# 24-25 Budget



# Summary – 5 Years of State Aid, Tax Levy & Budget

## State Aid

- FY21 – FY25, Total Increase \$10,943,004
- FY21 – FY25, 69% increase
- Average increase each year, \$2,188,601
- FY25 is the last year of “S2” Funding

## Tax Levy

- FY21 – FY25, Total Increase \$872,851
- F21 – FY25, 8.61% increase
- Average increase each year, \$174,570

## Overall Budget

- FY21– FY25, Total Increase \$10,479,068
- FY21 – FY25, 37% increase
- Average increase each year, \$2,095,814



Freehold Borough School District

# What Does The Budget Look Like Today?

## February 24, 2024

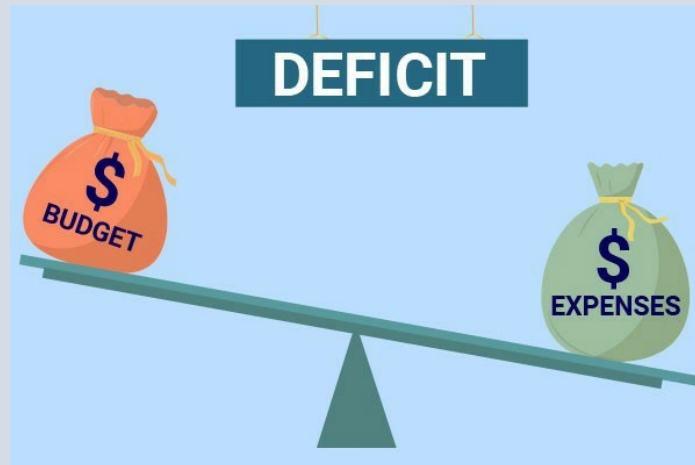
- Revenue, \$37,146,654
- Expenses, \$38,427,569
- Deficit (\$1,280,915)

## February 27, 2024

- Revenue, \$37,146,654
- Expenses, \$38,146,654
- Deficit (\$953,833)

## February 29, 2024

- Revenue, \$39,136,772
- Expenses, \$39,136,772
- **Balanced Budget**



Freehold Borough School District

# What Causes Budget to Fluctuate Year to Year?

## FY24

- Salaries → \$18,929,629
- Health Benefits → \$5,796,379
- Technology/Infrastructure → \$0
- Transportation → \$929,407
- Retirement Payouts → \$30,000
- Substitute Teachers → \$105,000

## FY25

- Salaries → \$20,082,171
- Health Benefits → \$6,353,170
- Technology/Infrastructure → \$145,000
- Transportation → \$1,029,710
- Retirement Payouts → \$65,445
- Substitute Teachers → \$225,000



# Banked Cap / Health Benefit Waiver?

District ID : 1640

District Name : FREEHOLD BORO

| Line | Name  | Generated in 2021-22 | Generated in 2022-23 | Generated in 2023-24 | Generated in 2024-25 |
|------|---|----------------------|----------------------|----------------------|----------------------|
| A    | Prebudget Year Adjusted Tax Levy, including Weighted Increases for Enrollment, Inflated by 2% | 10,341,618           | 10,283,236           | 10,329,675           | 10,488,901           |
|      | <b>Cap Adjustments:</b>   |                      |                      |                      |                      |
| B    | Increase in Health Care Costs   | 0                    | 0                    | 628,465              | 262,777              |
| C    | Increase in Normal and Accrued Pension Contribution (Deferred Pension)                        | 0                    | 0                    | 0                    | 0                    |
| D    | Increase for Responsibility Assumed by District   | 0                    | 0                    | 0                    | 0                    |
| E    | Decrease for Responsibility Shifted to Another District or Entity                             | 0                    | 0                    | 0                    | 0                    |
| E1   | Other Adjustments   | 0                    | 0                    | 0                    | 0                    |
| E2   | Increase in SDA District Local Share  | 0                    | 0                    | 0                    | 0                    |
| F    | Tax Levy Cap  | 10,341,618           | 10,283,236           | 10,958,140           | 10,751,678           |
| G    | Tax Levy  | 10,081,604           | 10,081,604           | 10,283,236           | 11,011,692           |
| G1   | Adjustments to Levy   | 0                    | 0                    | 0                    | 0                    |
| H    | Banked Cap Available for Use in Next Three Years (Line F less Lines G and G1)                 | 260,014              | 201,632              | 674,904              | 0                    |
| I    | Requested Use of Banked Cap in Prior Years  | 0                    | 0                    |                      |                      |
| J    | Requested Use of Banked Cap in Current Year   | 260,014              | \$0                  | \$0                  |                      |
| K    | Amount Expiring 2024-25   | 0                    |                      |                      |                      |
| L    | Available Banked Cap Carried Forward to Following Year  | 0                    | 201,632              | 674,904              | 0                    |
| M    | Banked Cap Available for 2025-26  |                      |                      |                      | 876,536              |

**Total Available**  
~~\$260,014~~  
**\$201,632**  
**\$674,904**  
**\$876,536**  
 -----  
**\$1,753,072**

(Future Years Budgets)

# Local Fair Share For FY 25

|   |   |                   |            |
|---|---|-------------------|------------|
| STATE OF NEW JERSEY - DEPARTMENT OF EDUCATION |   | 02/29/2024        | 3          |
| DIVISION OF FINANCE AND BUSINESS SERVICES     |   |                   |            |
| OFFICE OF SCHOOL FINANCE                      |   |                   |            |
| PROJECTED 2024-25 STATE SCHOOL AID            |   | Page EQA          |            |
| EQUALIZATION AID                              |   |                   |            |
|   |   |                   |            |
| LOCAL SHARE CALCULATION - REGULAR DISTRICT    |   |                   |            |
|   | Equalized Valuation (10/1/2023)                   | 968,400,495       | (N)        |
| 1,527 (A)                                     | District Income (2021)                            | 196,815,222       | (O)        |
|   | Equalized Val. x 0.012707978 / 2                  | 6,153,206         | (P-1)      |
| 21,195,453 (B)                                | District Income x 0.050601493 / 2                 | 4,979,572         | (P-2)      |
| 507 (C)                                       | <b>Local Fair Share : Item (P-1) + Item (P-2)</b> | <b>11,132,778</b> | <b>(P)</b> |

# Strategic Plan FY 25

## Freehold Borough School District

5-Year Strategic Plan

*Vision: Building Outstanding Results & Opportunities*

**Focus Area: Fiscal Capacity**

**Belief Statement: We believe in investing in our schools while understanding our obligation to be fiscally accountable by balancing efficiency and flexibility.**

| Goal #2       | Utilize available funding for additional capital improvements and program expansion.   | 2023<br>2024 | 2024<br>2025 | 2025<br>2026 | 2026<br>2027 | 2027<br>2028 | Responsibility: (Persons responsible for coordinating) | Indicators of Success: (Metrics that can be used to measure progress) |
|---------------|--|--------------|--------------|--------------|--------------|--------------|--|---|
| Action Step 1 | Contract a Bond Attorney to present options to the BOE for the use of remaining 2017 Bond Referendum funds.                      | X            |              |              |              |              | Business administrator                                 | BOE Presentation  |
| Action Step 2 | Develop a plan to access Banked CAP within the next two years prior to funds expiring  | X            | X            |              |              |              | Superintendent, Business Administrator                 | Budget Proposal   |
| Action Step 3 | Monitor Borough development plans and construction projects with additional residential units that may impact school enrollment. | X            | X            | X            | X            | X            | Superintendent, Business Administrator                 | Planning Board/Zoning Board minutes                                   |
| Action Step 4 | Develop plans for increased school enrollment that utilize all available funding to increase classroom space.                    | X            | X            | X            | X            | X            | Superintendent, Business Administrator                 | Long Range Facilities Plan (LRFP); Budget Proposals                   |
| Action Step 5 | Solicit funding from Borough PILOT programs for any development projects that have direct impact on student enrollement.         | X            | X            | X            | X            | X            | Superintendent, Business Administrator                 | MOA with Borough for impact funding                                   |

Freehold Borough School District

# Summary Of Tax Levy Proposal

## FY24

- FY24 Tax Levy  
\$10,283,236
- 2% Cap on Levy  
\$205,665
- FY25 Tax Levy  
\$10,488,901

## Available Resources

- Health Care Allowance  
\$262,777
- Banked Cap Expiring  
\$260,014

## FY25

- FY25 Tax Levy  
\$11,011,692 (includes 2%, Health Care cost and expiring Banked Cap)
- Local Fair Share  
\$11,132,778
- Proposed Local Fair Share  
\$11,011,692  
98.91%
- Deposit Into Capital Reserve  
\$510,000



Freehold Borough School District

# Facility Usage Rates

## Freehold Borough BOE

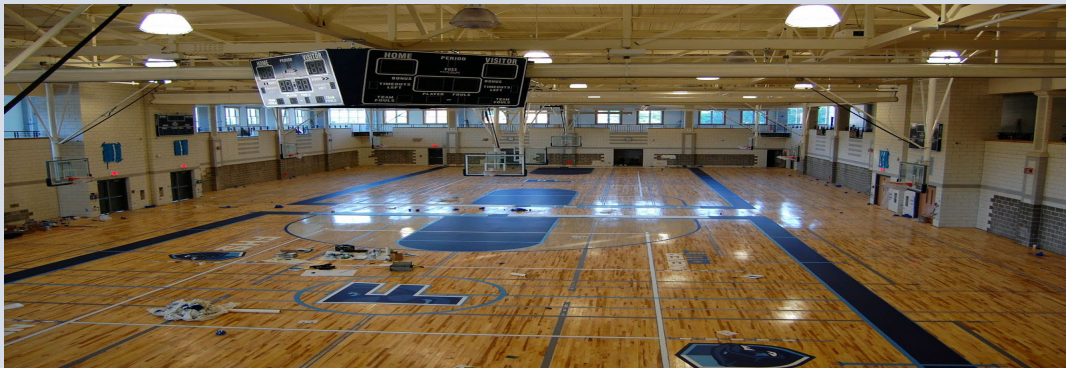
|  | For Profit | Non-Profit<br>Outside Boro | Non-Profit<br>In Boro |
|--|------------|----------------------------|-----------------------|
| <b>Gym</b>   |            |                            |                       |
| with bleachers   | \$250      | \$125                      | \$50                  |
| without bleachers  | \$150      | \$75                       | \$25                  |
| <b>Classrooms</b>  | \$25       | \$10                       | \$5                   |
| <b>Library</b>   | \$20       | \$10                       | \$5                   |
| <b>Fields</b>  |            |                            |                       |
| Single Use   | \$200      | \$100                      | \$100                 |
| Season(max 6 mos)  | \$250      | \$150                      | \$150                 |
|  | Per Month  | Per Month                  | Per Month             |
| <b>Custodial</b> -- \$35.00 per hour per custodian outside regular operating hours |            |                            |                       |

## Avg Rates of Neighboring Districts

|  | For Profit | Non-Profit                 |
|--|------------|----------------------------|
| <b>Gym</b>   | \$1,291    | \$170                      |
| <b>Classrooms</b>  | \$61       | \$20                       |
| <b>Library</b>   | \$135      | \$135                      |
| <b>Fields</b>  |            |                            |
| Single Use   | \$250      | \$129 (\$2,500 Commercial) |
| <b>Custodial</b> -- \$45.00 per hour per custodian outside regular operating hours |            |                            |

## FY25 Proposal

|  | For Profit   | Non-Profit<br>Outside Boro | Non-Profit<br>In Boro |
|--|--------------|----------------------------|-----------------------|
| <b>Gym</b>   |              |                            |                       |
| with bleachers   | <b>\$300</b> | \$150                      | \$75                  |
| without bleachers  | <b>\$200</b> | \$100                      | \$50                  |
| <b>Classrooms</b>  | \$50         | \$25                       | \$10                  |
| <b>Library</b>   | \$50         | \$25                       | \$10                  |
| <b>Fields</b>  |              |                            |                       |
| Single Use   | <b>\$250</b> | \$125                      | \$100                 |
| Season(max 6 mos)  | <b>\$300</b> | \$175                      | \$175                 |
|  | Per Month    | Per Month                  | Per Month             |
| <b>Custodial</b> -- \$45.00 per hour per custodian outside regular operating hours |              |                            |                       |



Technology Services -- \$75.00 per hour

Freehold Borough School District

# Facilities

PAE & FIS replace 6 boilers.

- Approved ROD Grant \$1,264,089
- Contribution from state \$877,572
- Contribution from district \$386,517 (Capital Reserve) W/D



Freehold Borough School District

# General Fund & Debt Service Tax Levy Year Over Year

| <b>Tax Levy</b>     | <b>2023 - 2024</b>  | <b>2024 – 2025</b>  |
|---------------------|---------------------|---------------------|
| <b>General Fund</b> | <b>\$10,283,236</b> | <b>\$11,011,692</b> |
| <b>Debt Service</b> | <b>\$315,169</b>    | <b>\$0</b>          |
| <b>Total</b>        | <b>\$10,598,405</b> | <b>\$11,011,692</b> |

2% increase in the General Fund tax levy, Health care cost adjustment, and Banked cap expiring

The district will be applying \$524,651 towards bond payments

**Freehold Borough School District**

# 2017 Bond Referendum

2017 Bond Referendum July 19, 2017

\$15,605,000

2017 Bond Referendum Balance June 30, 2023

\$5,450,991

## 2024-2025

Bond Payment

Principal \$855,000

Interest \$360,938

## Future Principal Payments

25-26 \$875,000

26-27 \$900,000

27-28 \$900,000

28-29 \$900,000

29-28 \$900,000

29-30 \$900,000

30-31 \$75,991

# 2017 Bond Referendum

## Statutory Law

- Proceeds that remain unspent upon completion of the project are unexpended bond proceeds.
- Each year by (NJ Admin. Code) the school district must use those proceeds to pay principal payments towards the bond schedule.

NJ Admin Code 6A:26-4.6 – 4.7  
Title 18A:24 - 47

## Options

- Transfer remaining proceeds to the Debt Service Fund by resolution and use annually to pay for the annual debt service principal payments.
- Voters may approve a change in purpose of the funds only by a ballot question that requires commissioner approval. If the board sought a change in purpose of the funds the question would have to appear on a November ballot referendum.
- Contact our Bond Attorney to present options to the BOE for the use of the remaining 2017 Bond Referendum Funds. (Strategic Plan FY 25)
- **Construction**
  - FLC Walls in the large instructional area.
  - Borough's pending construction projects. How will this affect future enrollment in the district?

# Next Steps

- **May 6, 2024 – Public Hearing and adoption of the FY25 budget. The budget can be modified any time between tonight (March 18<sup>th</sup>) and the Public Hearing on May 8<sup>th</sup>.**
- **48 hours after Public Hearing – User friendly budget is posted to the district website.**
- **July 1, 2024 – New fiscal year begins. Deadline for legislature to adopt FY25 State budget for state aid numbers to be locked in.**

