

Middletown City School District

# 2017-18 Proposed Revenue

## March 2, 2017

|                        |                                 |
|------------------------|---------------------------------|
| <b>Public Input</b>    | <b>Thursday, March 16, 2017</b> |
| <b>Budget Adoption</b> | <b>Thursday, April 20, 2017</b> |
| <b>Budget Hearing</b>  | <b>Thursday, May 4, 2017</b>    |
| <b>Budget Vote</b>     | <b>Tuesday, May 16, 2017</b>    |

# Original Assumptions Long Range Plan

\$ 3% annual inflation rate for most items

\$ TRS – 10% increase

\$ ERS – 16.5% increase

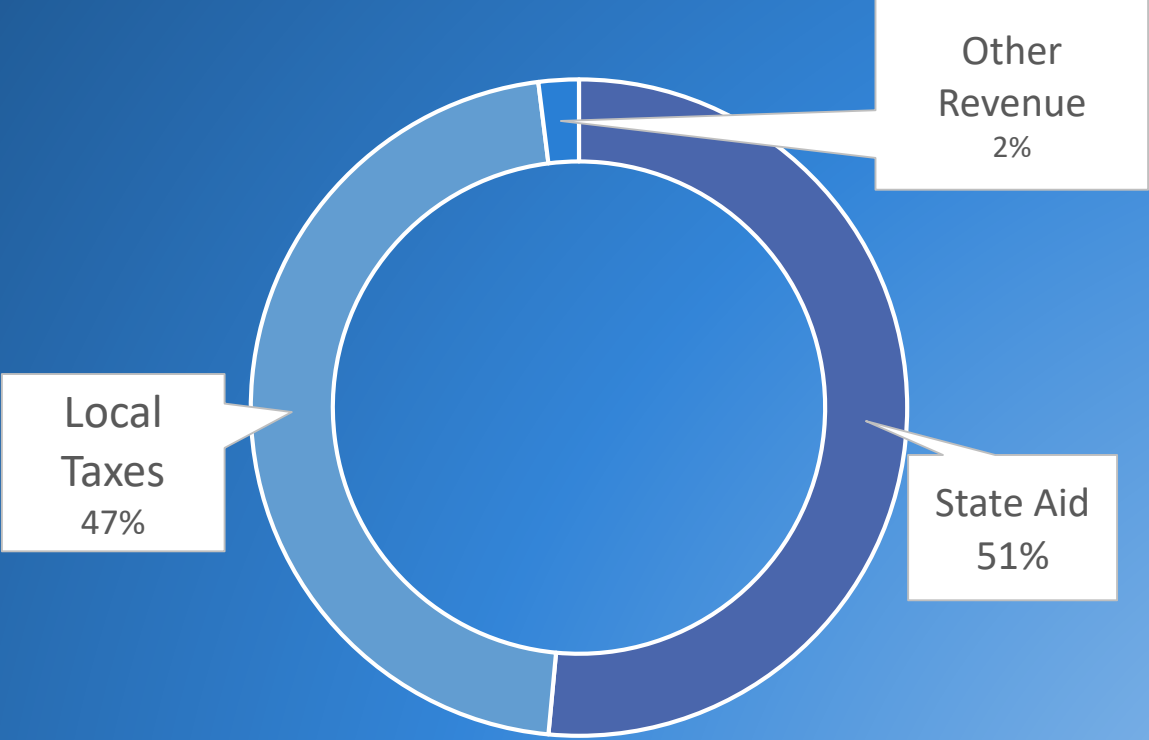
\$ Health Insurance 20% estimated increase

\$ State aid increase 3%

\$ Building Aid increase 32.5%

\$ Community Schools Increase 66%

# What makes up revenue for Middletown



■ State Aid   ■ Local Taxes   ■ Other Revenue

# Proposed State Aid

## as of January 2017

| 2017-18 Proposed Revenues              | Budget<br>2016-17 | Proposed Revenue<br>2017-18 | Difference       |
|--|-------------------|-----------------------------|------------------|
| Basic Formula                          | 74,089,281        | 81,832,020                  | 7,742,739        |
| Lottery Aid                            | 7,000,000         | 7,000,000                   | -                |
| Boces                                  | 4,036,487         | 3,559,401                   | (477,086)        |
| Textbook, Software, Library & Hardware | 608,503           | 757,639                     | 149,136          |
| SMART Schools Bond                     | 5,397,920         | -                           | (5,397,920)      |
| <b>Total State Aid</b>                 | <b>91,782,794</b> | <b>93,149,060</b>           | <b>1,366,266</b> |

# Proposed Other Revenues

| OTHER REVENUES                     | Budget<br>2016-17 | Proposed Revenue<br>2017-18 | Difference |
|------------------------------------|-------------------|-----------------------------|------------|
| PILOTS                             | 582,218           | 555,363                     | (26,855)   |
| Interest & penalties on taxes      | 175,000           | 175,000                     | -          |
| Utility Tax                        | 1,439,687         | 1,439,687                   | -          |
| Charges for Services               | 55,000            | 55,000                      | -          |
| Day school Tuition                 | 280,000           | 280,000                     | -          |
| Interest Earnings                  | 125,000           | 125,000                     | -          |
| Health Services                    | 36,000            | 36,000                      | -          |
| Refund Prior Years Expense         | 500,000           | 500,000                     | -          |
| Sale of Equipment                  | -                 | -                           | -          |
| Insurance Recoveries               | 2,000             | 2,000                       | -          |
| Other Compensation for Loss        | 500               | 500                         | -          |
| QSCB Subsidy                       | 160,000           | 160,000                     | -          |
| Medicaid                           | 60,000            | 60,000                      | -          |
| Retirement Reserve - General Fund  | 500,000           | 500,000                     | -          |
| Interfund Transfers - Debt Service | 190,625           | 190,625                     | -          |
| NJROTC                             | 85,000            | 85,000                      | -          |
| Total Other Revenues               | 4,191,030         | 4,164,175                   | (26,855)   |

# Proposed Property Tax Levy

| REAL PROPERTY TAXES              | Budget<br>2016-17 | Proposed<br>Revenue<br>2017-18 | Difference |
|----------------------------------|-------------------|--------------------------------|------------|
| Local Property Taxes             | 65,208,215        | 70,505,905                     | 5,297,690  |
| School Tax Relief Program (STAR) | 7,000,000         | 7,000,000                      | -          |
| Tax Levy                         | 72,208,215        | 77,505,905                     | 5,297,690  |
| Fund Balance                     | 5,299,227         | 5,299,227                      |            |
| Proposed 2017-18 Budget          | 173,481,266       | <b>183,952,589</b>             |            |
|                                  |                   |                                |            |
| Budget Shortage                  |                   | <b>3,834,222</b>               |            |

| 2017-18 Proposed Revenues              | Budget<br>2016-17 | Proposed Budget<br>2017-18 | Difference  |
|--|-------------------|----------------------------|-------------|
| <b>STATE AID</b>                       |                   |                            |             |
| Basic Formula                          | 74,089,281        | 81,832,020                 | 7,742,739   |
| Lottery Aid                            | 7,000,000         | 7,000,000                  | -           |
| Boces                                  | 4,036,487         | 3,559,401                  | (477,086)   |
| Textbook, Software, Library & Hardware | 608,503           | 757,639                    | 149,136     |
| SMART Schools Bond                     | 5,397,920         | -                          | (5,397,920) |
| Total State Aid                        | 91,782,794        | 93,149,060                 | 1,366,266   |
| <b>OTHER REVENUES</b>                  |                   |                            |             |
| PILOTS                                 | 582,218           | 555,363                    | (26,855)    |
| Int & penalties on taxes               | 175,000           | 175,000                    | -           |
| Utility Tax                            | 1,439,687         | 1,439,687                  | -           |
| Charges for Services                   | 55,000            | 55,000                     | -           |
| Day school Tuition                     | 280,000           | 280,000                    | -           |
| Interest Earnings                      | 125,000           | 125,000                    | -           |
| Health Services                        | 36,000            | 36,000                     | -           |
| Refund Prior Years Expense             | 500,000           | 500,000                    | -           |
| Sale of Equipment                      | -                 | -                          | -           |
| Insurance Recoveries                   | 2,000             | 2,000                      | -           |
| Other Compensation for Loss            | 500               | 500                        | -           |
| QSCB Subsidy                           | 160,000           | 160,000                    | -           |
| Medicaid                               | 60,000            | 60,000                     | -           |
| Retirement Reserve - General Fund      | 500,000           | 500,000                    | -           |
| Interfund Transfers - Debt Service     | 190,625           | 190,625                    | -           |
| NJROTC                                 | 85,000            | 85,000                     | -           |
| Total Other Revenues                   | 4,191,030         | 4,164,175                  | (26,855)    |
| <b>REAL PROPERTY TAXES</b>             |                   |                            |             |
| Local Property Taxes                   | 65,208,215        | 70,505,905                 | 5,297,690   |
| School Tax Relief Program (STAR)       | 7,000,000         | 7,000,000                  | -           |
| Tax Levy                               | 72,208,215        | 77,505,905                 | 5,297,690   |
| Budget Shortage                        |                   | 3,834,222                  |             |
| Fund Balance                           | 5,299,227         | 5,299,227                  | -           |
| Proposed 2017-18 Budget                | 173,481,266       | 183,952,589                | 10,471,323  |

# Tax Cap Calculation – 8 Steps

|        |    |  |                   | 2016/17    | 2017/18    |
|--------|----|--|-------------------|------------|------------|
|        | 1) | Prior Year Tax Levy  |                   | 70,111,870 | 72,208,215 |
| TIMES  | 2) | 1 + Tax Base Growth Factor (provided by Commissioner of Tax & Finance by February 15th.)   |                   | 1.0129     | 1.0125     |
|        |    |  | subtotal          | 71,016,313 | 73,110,818 |
| PLUS   | 3) | PY PILOTS  |                   | 2,500,000  | 582,218    |
| MINUS  | 4) | PY Levy for Judgements over 5% of total tax levy   |                   |            |            |
|        |    | PY Levy for excess increases to ERS  |                   |            |            |
|        |    | PY Levy for excess increases to TRS  |                   |            |            |
|        |    | PY Capital Tax Levy  |                   | 5,722,453  | 5,520,029  |
| EQUALS |    | PY TAX LEVY LIMIT  |                   | 67,793,860 | 68,173,007 |
| TIMES  | 5) | Allowable Levy Growth Factor (1 + inflation factor, up to 2%)  |                   | 1.0012     | 1.0126     |
|        |    |  | subtotal          | 67,875,213 | 69,031,987 |
| MINUS  | 6) | CY PILOTS  |                   | 582,218    | 555,363    |
| PLUS   | 7) | Available Carryover  |                   |            |            |
| EQUALS |    | CY TAX LEVY LIMIT (to be submitted to State Comptroller, Commissioner of Tax & Finance and the Commissioner of Education by March 1st) |                   | 67,292,995 | 68,476,624 |
| PLUS   | 8) | CY Levy for Judgements over 5% of total tax levy   |                   |            |            |
|        |    | CY Levy for excess increases to ERS  |                   |            |            |
|        |    | CY Levy for excess increases to TRS  |                   |            |            |
|        |    | CY Capital Tax Levy  |                   | 5,520,029  | 9,029,281  |
| MINUS  | 9) | Erroneous levy plus interest from prior year   |                   |            |            |
| EQUALS |    | ALLOWED TAX LEVY WITH 50% plus 1 approval  |                   | 72,813,024 | 77,505,905 |
|        |    |  | Tax Levy Increase | 2,701,154  | 5,297,690  |
|        |    |  |                   | 3.85%      | 7.337%     |



# 2017-18 Summary

|                | 2016-17 Budget     | 2017-18 Proposed Budget | Increase/Decrease Over 2016/17 | Percentage Increase |
|----------------|--------------------|-------------------------|--------------------------------|---------------------|
| Administrative | 11,329,190         | 11,805,136              | 475,946                        | 4.20%               |
| Program        | 96,450,700         | 104,079,486             | 7,628,786                      | 7.91%               |
| Capital        | 24,430,715         | 27,910,060              | 3,479,345                      | 14.24%              |
| Benefits       | 35,872,741         | 40,157,906              | 4,285,165                      | 11.95%              |
| Smart Bond     | 5,397,920          | -                       | (5,397,920)                    |                     |
| <b>Total</b>   | <b>173,481,266</b> | <b>183,952,588</b>      | <b>10,471,322</b>              | <b>6.04%</b>        |

# 2017-18 Proposed Budget Overview

- ✓ Proposed Budget: \$ **183,952,589**
- ✓ Budget from 2016-17: **\$10,471,323**
- ✓ **Budget Increase: 6.04%**
- ✓ Tax Levy Increase: \$ 5,297,690
- ✓ Max Levy Amount: \$ 77,505,905
- ✓ Tax Cap: 7.337%

# Contingent Budget Rules

## **First Vote**

Under Cap 50%+1

Over Cap 60%+1

## **Second Vote**

Under Cap 50%+1

Over Cap 60%+1

## **Contingent**

Same Levy as Prior Year

# 2017-18 Budget Calendar

|                        |                                 |
|------------------------|---------------------------------|
| <b>Public Input</b>    | <b>Thursday, March 16, 2017</b> |
| <b>Budget Adoption</b> | <b>Thursday, April 20, 2017</b> |
| <b>Budget Hearing</b>  | <b>Thursday, May 4, 2017</b>    |
| <b>Budget Vote</b>     | <b>Tuesday, May 16, 2017</b>    |