

Budget and Finance Committee Notes
Monday, November 8, 2010

Attending: Board Members Collins, Garrity, Pascucci and Sockol; Administrators Duncan, Mikos, and Petrizzo.

1. 2009-10 Audit: The auditors have completed their on-site field work. Based on preliminary figures, our estimated fund balance at the end of the 2009-10 fiscal year is \$988,059.49, or 2% of General Fund Expenditures. We also have \$2.6 million designated to fund the 2010-11 budget. Those funds were savings realized from energy conservation efforts, negotiation assumptions and 08/09 and 09/10 Extraordinary State Aid (which reimburses 85% of the following costs: 90% of the excess cost over \$40K per pupil in-district direct instructional and support costs and 75% of excess tuition cost per pupil over \$55K for out-of-district placements).

2. Maintenance Reserve -- Village School Wall Roof Repair: In June the district created a Maintenance Reserve with a minimum amount of \$50K and a maximum of \$1 million, to be finalized upon the completion of the 2009-10 audit. Based on preliminary audit results, the reserve will be funded at \$795,648.56. The funds will be used to address the following four projects: (1) complete the brick face repair currently underway at Village School, which has cost \$165K so far, (2) roof and flashing repair work at Village, estimated at \$300K, (3) Outdoor air provisions at Indian Hill to improve indoor air quality, estimated at \$340K and (4) parking lot repaving at the HHS-Satz complex. The repaving work would be bid out with Township repaving work to benefit from any economies of scale (estimated cost of this project may vary based on scope of work). However, it is doubtful we will be able to fund the HHS-Satz project because of the unforeseen repair to the Village School brick face.

On the November 17 BOE agenda, the district will apply to the NJ Department of Education to review and approve project 2, the Village School roof and flashing repairs project. The committee recommends approval of the submission.

3. Unemployment Insurance Consultant (TALX): Mr. Petrizzo reported that after further negotiations, the consultant has offered us a one year contract at \$3,600, with a guarantee that the District will obtain savings that exceed the fees paid to TALX. Should TALX fail to achieve the savings guaranteed, TALX will furnish services at no charge until savings exceed fees paid. The contract will be on the November 17 BOE agenda. The committee recommends approval.

4. Board President's Letter re PERS Pension Liability Estimate: The committee reviewed a draft letter from our Board President to the Acting Director of the NJ Division of Pensions and Benefits, documenting the poor quality budget planning information provided to NJASBO (NJ Association of School Business Officials), and in turn to school districts. Last year our district was told to budget \$615K for PERS costs. The actual bill was for \$782K, \$167.4K (27%) more than the budgeted amount. With the 2 % cap soon to take effect, districts need accurate information for budget planning. They also seek

relief that would let them postpone for one year paying any amount billed that exceeds the estimate. The committee recommends sending the letter.

5. 2011-12 Budget Process: The budget process has begun. Administrators' budgets are due to the Business Office by November 29. Most will plan assuming a 10% cut in spending.

6. 2011-12 Budget Goal: "To support student achievement through the development of a budget that provides for a thorough and efficient education in accordance with the NJ Core Curriculum Content Standards."

7. Old Business:

Pay to Participate: The committee discussed the revenue implications of a pay-to-participate program. For example, charging \$100 per sport and \$50 per club at HHS and Satz would raise about \$200K. The cost of such programs exceeds \$900K. Mr. Petrizzo recommends instituting such fees as necessary to help offset the costs of these programs and balance the budget under the 2% cap. The committee will consider fee amounts and administration at a future meeting.

Regular Education Tuition Students: Mr. Petrizzo recommends instituting a program of accepting regular education tuition students to generate income. We would not be able to budget for the funds in the first year since we have no benchmarks. We would target elementary grades with relatively low numbers of pupils, and model our program after Rumson's. That means students would apply for acceptance. Tuition would be charged at the NJDOE calculated rate. Transportation and any special services are the responsibility of the parent/guardian.

Next Meeting: Monday, December 13, 2010 at 5:30 PM.

Respectfully submitted,
Barbara Garrity