

Robbinsville Board of Education

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Q1. Did the timing of the release of the \$3.5 million in state aid impact the district? If so, how.

A1. In July 2018, Robbinsville Public Schools received additional state aid totaling \$3.5 million. This was welcome news that came with its own unique challenges. Because the additional funds were awarded *after* the 2018-2019 budget was finalized in April 2018, the district was unable - at that point in the budget cycle - to apply it to fund certain critical areas of need such as personnel, technology infrastructure and capital projects. When the district initially received news of the additional funding, key staff members created a plan to maximize the impact on our school community.

Q2. What did the spending plan entail?

A2. The spending plan included many one-time needs and a \$700k deposit into capital reserve. This transaction will be approved at the June 25, 2019 meeting of the Robbinsville Board of Education and is scheduled to take place following the close of the 2018-2019 school year.

Q3. What, if any, unanticipated factors contributed to the surplus?

A3. This year the district experienced unanticipated cost savings in the areas of special education tuition and the related student transportation. Because of changes and adjustments to student placements during the school year combined with students and their families moving into and out of the district on a regular basis, predicting student placement – and therefore the associated cost factors – is both an inexact science and a continual challenge. The district also experienced a cost savings from a newly implemented partially self-funded health benefit plan. All of these unanticipated savings have contributed to the surplus.

Q4. What are the plans for these funds?

A4. Unexpended monies from the cost savings indicated above and from additional revenues (received over the budgeted amounts) will be used to fund facilities needs and will be included in the resolution to transfer funds for deposit into capital reserve at the June 25, 2019 BOE meeting.

Q5. What, if any, Board action is needed for a deposit into either a capital or maintenance reserve account?

A5. At its June meeting, the Board of Education must approve a resolution to authorize a maximum amount for deposit into a capital and/or maintenance reserve account. After year-end close out once the actual amount of unexpended budgeted amounts are known, the district may deposit up to the maximum amount or may elect to deposit less based upon the actual final balances. The deposit will typically take place in early August, after all purchase orders for the year are closed and the preliminary financial statements are prepared.

Q6. Please explain fund balance.

A6. A school district's fund balance is made up of several NJ State authorized balances. See chart on page 3 entitled *Recapitulation of Fund Balance* below for more detail. Robbinsville's estimated June 30, 2019 capital reserve fund balance is expected to be approximately \$4.3 million and includes the following:

June 30, 2018 year end audited capital reserve fund balance	\$ 2,203,176
Expenditures during the 2018-2019 school year	(\$ 322,733)
Projected Year End Deposit at June 30, 2019	\$ 2,800,000
Amt. designated from additional state aid	\$ 700,000
Projected 2019 Summer Projects	<u>(\$ 1,000,000)</u>
June 30, 2019 projected remaining balance for new projects	\$ 4,380,443

The 2019 maintenance reserve fund balance is expected to be approximately \$1 million and includes the following:

June 30, 2018 year end audited maintenance reserve fund balance	\$ 686,025
Projected year end deposit	<u>\$ 400,000</u>
June 30, 2019 projected remaining balance for new projects	\$1,086,025

Q.7 How does this tie into the district's overarching plan for facilities maintenance?

A7. The Robbinsville Public School's Long Range Facility Plan was developed several years ago and projected \$17 million dollars in capital projects. Since then some have been completed and new projects have been added. The district is working on specifications for an outside Buildings and Grounds Audit by Frayhlak, Veisz, Hopkins, Duthie, P.C., the new Architect of the Record, which will assist the district in planning for the required and necessary long term needs of our buildings to keep them functioning at capacity. This feasibility report will assist the district in identifying and prioritizing our needs.

A few of the needs with pricing estimates from our architect that are our current priorities include:

RHS – Roof replacement (entire roof - can be in sections)	\$ 4,867,200
RHS – Rear concrete replacement (including bollards)	\$ 100,000
Pond – New parking	\$ 1,627,600
Pond – Replace HVAC units (gym)	\$ 676,000
Sharon – Rear Lot	\$ 187,200

Robbinsville School District's Audited Fund Balance at Year End

		Recapitulation of Fund Balance			
		6/30/2015	6/30/2016	6/30/2017	6/30/2018
Restricted Fund Balance:					
1	Excess Surplus	1,110,464.88	1,328,621.75	1,176,026.40	653,626.25
1	Excess Surplus (for subsequent year's expenditures)	1,392,447.17	1,110,464.88	1,328,621.75	1,176,026.40
2	Capital Reserve	773,706.12	1,099,822.32	553,804.93	2,203,176.48
3	Maintenance Reserve	251,594.83	251,957.80	252,913.47	686,024.95
Assigned Fund Balance					
4	Year-End Encumbrances	390,815.18	229,361.49	427,111.03	576,234.22
5	Unreserved (for subsequent year's expenditures)	164,465.83	260,474.12	59,655.25	112,250.60
6	Unassigned Fund Balance	1,007,894.12	874,851.94	997,095.02	1,036,818.80
Subtotal		5,091,388.13	5,155,554.30	4,795,227.85	6,444,157.70
Reconciliation to Gov. Funds Statements (GAAP)					
	Last State Aid Payment not Recognized on GAAP Basis	-163,852.00	-169,472.00	-170,129.00	-235,851.00
Fund Balance per Gov. Funds (GAAP)		4,927,536.13	4,986,082.30	4,625,098.85	6,208,306.70

Restricted Fund Balance - Only permitted for a specific purpose	
1	Excess surplus is an audited amount that is required to be used during the budget process as a source of revenue
2	Capital reserve must be spent on capital projects. Requires BOE approval to deposit into or withdraw for permitted purpose (N.J.S.A. 18A:21-2, N.J.S.A. 18A:7G-31, and N.J.A.C. 6A:23A-14.1)
3	Maintenance reserve must be spent on required maintenance. Requires BOE approval to deposit into reserve account. (N.J.S.A. 18A:7G-13 and N.J.A.C. 6A:23A-14.2)
Assigned Fund Balance - Amount of fund balance committed to the subsequent budget	
4	Year-End Encumbrances - purchases from the current year not yet invoiced
5	Unreserved (for subsequent year's expenditures) - amount designated to be used in the subsequent budget as a source of revenue
6	Unassigned Fund Balance - The maximum surplus balance permitted is 2% of the general fund budget for the pre-budget year. It is available for emergencies and requires State approval to appropriate (N.J.S.A. 18A:7F-7)