

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) John Farrell Ellen Walsh	<u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u>
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**August 15, 2011**

The meeting was called to order at 6:30 PM at Central Office in the conference room. Topics covered included:

Review Agenda Items: The August 23, 2011 agenda items were discussed. Board approval is needed for the district to sell the first Solar Renewable Energy Certificates (SRECs) earned by the two solar systems on the high schools. The committee decided that with the current volatility in SREC prices, the district would sell all 238 SRECs currently in their possession; the means of sale is an auction system approved by the State of New Jersey and utilized by the Lawrence schools for the million dollars of SRECs sales that they have made to date. The committee supports the agenda.

2010-11 Budget Year: The draft June Report of the Secretary was discussed; since June is the final month of the fiscal year there may be adjustments taken in conjunction with closing the books for the fiscal year. The strong cash position shown by the Treasurer's Report is a tribute to the building administrators that achieved a strong academic year while not spending their entire budgets. The result will be a significant amount for tax relief from the 2010-11 school year.

There was further discussion of tax relief. A year ago three main general fund available balance categories contributed to tax relief: funds unspent from the regular education spending categories, a stable utility bill total year to year, and good cost control within the Transportation Department. In the year just completed the available balances are from two different categories: a significant unspent balance in special education tuition as the final year of federal ARRA funds were utilized and health benefits were favorable as the January 2011 increase in the State Employee Health Benefits Plan was 8.5% instead of the 25% of the prior year. Transportation was again favorable as it won renewal of most routes at a reasonable percentage – several years ago when oil prices jumped and contractors would not renew, bussing costs had increased by a million dollars in one year – this did not happen with last year's successful renewals. Last year also demonstrated the volatility of energy costs as more than one half million dollars of additional costs were incurred in last year's bills as compared to the prior year.

Updates: Construction has not gone as originally expected. Originally the state of the economy had led to expectations of good bids and prompt action. Bids have been satisfactory overall, however, there has not been inventories of construction materials and this has delayed the start of a number of projects; some of these delays will result in construction continuing into the school year and this has contractors, architect and building administrators in close contact and coordination.

Bus passes are again being distributed via Infinite Campus as was done successfully last year. The public audit is proceeding well and the Finance Committee expects to review the draft document at its October meeting.

The meeting adjourned at 7:32P.M.

**NEXT MEETING: Tuesday, September 20, 2011, 6:30 PM @ Central Office**

Topic for Next Meeting  
Review Agenda Items  
SREC Sale

Future Topics:  
Impact of Recent Legislation  
Policies

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) John Farrell Ellen Walsh	<u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u>
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**September 21, 2011**

The meeting was called to order at 6:36 PM at the Central Office in the superintendent's office. Board Member Walsh joined the meeting at 6:54 PM. Topics covered included:

Review Agenda Items: The committee supports the agenda items.

Budget Process Review Committee Guidelines: The elements concerning the BPRC have been much discussed this year. In October, the guidelines recommend that the Board of Education indicate their values and priorities for the upcoming budget. This year the discussions will be surrounding negotiations and the upcoming BOE retreat will provide additional opportunities for this to happen.

Jamesburg Query: The request was discussed. It was noted that part of Jamesburg's difficulty is the \$4,000 per student spending gap between it and the present district used for high school. WWPRSD is not a significantly favorable move for Jamesburg, especially compared to the lower per pupil costs at other districts for which they made inquiries. In addition, their seventh grade test scores indicate that their children might find it difficult to simply enter the WWPRSD K-12 cycle at the ninth grade level. There appears little opportunity financially or educationally in following up this inquiry further at this time.

Update - Audit: Mr. LoCastro described the completion of field work by the auditor. No material elements have surfaced to date and the effort is on track for committee review of a draft CAFR at the October committee meeting.

Update - Summer Capital Projects: despite the delays caused by the nation's unfavorable supply chain – no one carries inventories these days – most projects progressed well. At the previous board meeting the superintendent outlined the many projects: including upgraded lighting in portions of eight schools, roof work at six schools, some carpet replacement at four schools (most notably in the commons area of High School South), boilers at two schools and new clock/sound systems at two schools. Of the remaining projects, most are now organized to finish with minimum impact on instruction. Six roof projects by three contractors were awarded this year. Two of the contractors have proceeded in a fine fashion and are winding up their projects. The third contractor has been less skillful and there are issues surrounding the successful completion of these two projects; the district and architect are addressing these closely.

Update -Solar: There is only one year remaining on the federal allocation of Clean Renewable Energy Bonds and the district still has not been given a go ahead by the State of New Jersey on its November 2010 application for the Phase II solar projects at seven schools. There has been volatility in the SREC (Solar Renewable Energy Certificates) market; but, this includes a partial recovery from the recent drop. A September 21<sup>st</sup> auction found 2011 SRECs fetching \$630, up from \$425 a few weeks ago.

If the state continues to prevent forward motion and the CREBS expire, the district will have choices to make: persevere for debt service aid; utilize capital reserve dollars to install solar in the most cost effective locations (not all seven schools of the CREB option); see if some innovative leasing/capital reserve structure is appealing; or, abandon further solar projects for the foreseeable future.

Even under the current circumstances, the Phase II effort can realize \$100,000 or more (as much as \$400,000) of favorable cash flow (energy savings, SREC sales, debt service aid) in excess of outflows (debt service) each twelve-month period of operation.

Central Office Water Damage: The Superintendent described the removal of all central office personnel from the basement. The cumulative impact of the building's design leaves us with the need to find an alternative office solution. The district administrators appreciate the Board support for finding a good long-term, but able to implement in a few months, type of solution.

Negotiations: Likely inflows and outflows for the next three years budgets were considered. While inflows are aided by utilization of the 2% general fund tax levy cap and the legislature's contributions for health benefits, outflows exceed the inflows in most scenarios even with no pay increases. The outflows are dominated by likely double digit increases in health care which exceed the health care contributions by a significant margin in most cases. The district will spend more in the future for Building & Grounds services, but this amount will almost certainly still be below the amount spent in 2009-10 for these services in-house.

Flexible Spending Accounts: The State has mandated an additional cost to the district as it legislated the health care contributions. The cost of a third-party administrator for the legally required FSA could be \$80,000-100,000 annually.

Community Education: There was a discussion of what facility personnel and energy costs may be associated with the CE operation. A case can be made that such annual costs are in the \$400,000 to \$800,000 range. While these have not been formerly assessed, in the recent past – hence the build in the CE account fund balance – these costs may be directly assessed in the future. The fund balance could be depleted over a few years as such costs exceed the operating margin of the department.

Health Contribution: Non-affiliated employees are captured by the new legislation as of their October paychecks; a great deal of work is being done in preparation. This is complicated in that while the legislation was passed in June, the state has changed its implementation as recently as last week. A few employees have been subject to paying a contribution for some health premiums in excess of the employee premium amount. As employees fall under the new contribution laws, this separate contribution will have been superseded by the implementation of the new law.

West Windsor Development: There was a discussion of the study put forward by the consultant for the developer. The consultant's assumptions imply a large benefit to the project. More realistic assessment of the plusses and minuses suggest a more modest net benefit.

The meeting moved to closed session at 8:16 PM. The session moved to open session at 8:25 PM.

District Website: There was a discussion of identifying and making improvements to the district website. It was suggested that a distinction between the actual website content and the user interface to that content may be a useful concept in dealing with current areas of frustration and in finding solutions.

The meeting adjourned at 8:34P.M.

**NEXT MEETING: Tuesday, October 18, 2011, 6:30 PM @ Central Office**

Topic for Next Meeting

Review Agenda Items

CAFR Review

Chose a Phase II Solar Scenario?

Update on Tech Projects of Last Summer

Future Topics:

Impact of Recent Legislation

Policies

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) John Farrell Ellen Walsh	<u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u> Scott Clelland, Wiss Jon Fisher Anthony Branco
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**October 18, 2011**

The meeting was called to order at 6:30 PM at Central Office in the superintendent's office. Topics covered included:

2010-2011 Public Audit: Scott Clelland introduced his associates and discussed the Comprehensive Annual Financial Report (CAFR). The financial condition, internal controls, and financial reporting of the district are in fine shape. He remarked that the effort in the district is very professional and the opinion of the financial statements is a clean one – the best category of opinion. He noted that the district's previous CAFR was awarded the district's third consecutive Certificate of Excellence in Financial Reporting award from the International Association of School Business Officials.

There are two findings in the Management Report compared to four last year; neither finding is material and neither is a repeat of last year's findings.

The Committee asked the auditor's view of the district's management of its fund balances. Mr. Clelland indicated that most of his school districts generate fund balances; given both emergencies and variability in state actions it is sensible to maintain balances. The fund balance restricted for subsequent years expenditure is larger than past years. It has generally run in the \$4 to \$6 million range, but was as low as \$2 million a year ago. In addition to tax relief, he noted that consideration could be given to utilizing it for Capital Reserve replenishment as well as for the Unemployment Compensation trust fund.

In response to a question about budgeting in a budget-to-budget versus a budget-to-actual fashion, Mr. Clelland indicated that most districts utilize budget-to-budget. Among the reasons for doing this is the volatility of special education funding and expenditures which often vary greatly year to year. Furthermore, a deficit in a given year can lead to the State of New Jersey appointing a state monitor which generates costs and loss of district independence. Due to these factors, districts adopt a very conservative budget model; one based on trends rather than actuals.

A question was raised on what would be his top financial priorities to pay attention to? He suggested careful excess surplus decisions since such dollars are not necessarily recurring – use for one time uses make the most sense. He noted that with privatization there was heavy activity in the unemployment compensation account – it could make good sense to use some of the surplus to aid that account to safeguard the future more; with \$4 million coming out of capital reserve in 2011-12 an addition to capital reserve is a good one time use; interest income is low currently, but with low interest rates today that is difficult to avoid – be on the alert for qualified investments that pay better occasionally; and, finally that it could make sense to charge some qualifying expenses to Community Education and thus inhibit the growth or even consume some of the balance in that account – those balances must be used in support of Community Education rather than general district use.

Another query was to the safety of the cash of the district. Mr. Clelland remarked that school districts are limited as to the types of investments they may invest in, as noted in note #3 in the CAFR. The Governmental Unit Deposit Protection Act (GUDPA) was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution. The district is in compliance with these rules.

Mr. Clelland observed that the use of capital reserve by the district has been effective. He knows of no other district receiving as many third round Regular Operating District (ROD) grant projects. The large amount of state imposed paper work and bureaucracy has inhibited applications by other districts; yet the advantage to a district is that 40% of a project is paid for by state funds rather than by local tax dollars – a very attractive advantage.

The Committee expressed its thanks to the auditors both for their efforts for the district and in their participation in tonight's discussion. Mr. Clelland noted that he also enjoyed it especially since there are so few districts in which the finance Committee actively discusses the reports as much and as well as in West Windsor-Plainsboro Regional School District.

As the auditors departed, the Committee expressed its appreciation to the business office staff for their work.

Review Agenda Items: Mr. LoCastro noted the revised treasurer's reports for June and July; these bring the Payroll Agency fund's ending cash balance to a more conventional zero balance. It was observed that the word "revised" should be added to the reports. The agenda items are supported by the Committee. Mr. LoCastro commented that the reviewing of interest rate availability may lead to agenda items approving the use of additional banks.

2012-2013 Budget: There was a continuation of the discussion from last meeting about allocating costs to Community Education (CE). It has always been recognized that the CE effort should run on as a self-sustaining operation, but up to this point the district allowed a balance to grow so as to be able to maintain services on a steady basis should fluctuations arise. With increases in costs associated with serving some children and the tightening effect of the 2% general fund tax levy cap, it was agreed that the next budget cycle should see the introduction of the allocation concept. The first year would be at around the \$250,000 level and subsequent years would increase gradually to the full covering of costs associated with Community Education's efforts. The administration is to develop a logical plan and the first year would be expected to allocate costs of about a quarter of a million dollars.

The Committee discussed the capital spending budget and agreed that it would be prudent to return this budget to the \$1,500,000 level once again. It should be remembered that with over \$200 million of physical assets, an annual budget expenditure of \$5,000,000 would not be excessive. As it is the district needs to be able to utilize capital reserve funds in a meaningful manner as long as the budget contains capital dollars well below the \$5,000,000 level.

Another budget cycle decision will be about the additional \$1.5 million of state aid. With the large balance restricted for use in 2012-13, it may serve to mitigate a drop off of such funds in 2013-14 with the use of the additional state aid in that budget cycle.

FSA Plan and Limit: The State of New Jersey has placed another unfunded mandate on the district – the required introduction of a Flexible Spending Account for employees. Third party administrators charge between \$4.25 and \$6.25 per participant per month plus an assortment of additional fees. This could generate new costs to the district of \$80,000-100,000 annually. While private sector employers benefit from the social security dimension of the federal FSA rules, this is of little benefit to New Jersey school districts. The district is targeting having the plan available in January. The Committee suggested that the minimum and maximums selected by the district have meaning to the employee.

Solar Direction: A variety of options were outlined. The present emphasis on conducting a referendum utilizing both federal Clean Renewable Energy Bonds and state debt service aid will not be possible after another 12 months have passed. The CREBs expire October 2012 (though the State of New Jersey still sits on our November 2010 application). Among other options is proceeding without debt service aid, perhaps through funding the investment with capital reserve dollars as the district did with the Phase I projects. And of course, the district could decide to simply suspend additional solar projects for the foreseeable future.

Meeting Date Change/January 17, 2012: Consideration of a new committee date is needed now that this date will be used for a Board of Education retreat.

The Committee moved to closed session. The Committee returned to open session.

The meeting adjourned at 9:02P.M.

**NEXT MEETING: Tuesday, November 15, 2011, 6:30 PM @ Central Office**

Topic for Next Meeting

Review Agenda Items  
2012-13 Budget  
Technology Refresh

Future Topics:

Impact of Recent Legislation  
Policies

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) John Farrell Ellen Walsh	<u>Administration:</u> Victoria Kniewel Larry Shanok	<u>Guest/Public:</u> Rick Cave
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**November 15, 2011**

The meeting was called to order at 6:32 PM at Central Office in the superintendent's office. Topics covered included:

Technology Refresh: Mr. Cave reviewed the summer technology actions that had been originally discussed at last January's committee meeting. Overall, the identified actions were successfully implemented. Spending was in line with expectations at a total of \$459,844.74 versus an original estimate of \$474,000.

Projects included:

1. A new network core switch installed at CMS; this was fortuitous as the old switch then replaced a MRS switch that failed in October.
2. A replacement for one of the two district central file servers was installed and configured; migration of files has been delayed to coincide with other information system restructuring efforts.
3. Two hundred Windows computers in classrooms and media center at HSN were replaced; many of the remaining machines of this vintage have been virtualized, extending their usefulness at low cost; the replaced machines will fill in as replacements or used for spare parts.
4. One hundred Macs at the four K-3 schools were replaced; the age of the operating systems has become a problem as many new applications no longer work on old operating systems.
5. All Intel based Macs were upgraded to new operating systems.
6. Ten desktop switches were replaced.
7. Six servers were replaced along with necessary associated equipment such as blades and storage capacity.
8. Replaced six desktop Power Over Ethernet switches.

Increasingly, over the years, there has been a shift in the refresh expenditures. Early on they centered on replacement of aging PCs. As the infrastructure required to support effective instruction grew, the expenditures have moved to the servers and switches needed to provide a satisfactory and reliable level of service on the devices used. This infrastructure and the growing use of BYOD (Bring Your Own Device) places significantly higher power demands on the district's electrical systems. These systems are stretched near their maximum already at several schools and this will spread as power needs grow. Serious attention to increasing power and the associated back-up generators – all rather expensive – will have to be given in the coming years or significant alteration in power utilization will have to be acceptable, changing the way technology is used in the district.

For some time, the district has been aware of the inadequacy of the HVAC system in the HSN MDF room; the heat generated today is far in excess of that for which the room's HVAC was designed. Adequate cooling has been a problem. A solution is in the final stages and soon the room should be fine. Unfortunately, the HSN generator is fully loaded and the new HVAC cannot be placed on it – leaving a potential problem in outage scenarios. This is a ready example of one of the power difficulties referred to above.

Looking ahead, the biggest risk to the district's technology is the power problem described above. A future district-wide project is bolstering the wireless systems; there are dead spots and other difficulties that need to be addressed during the coming year so as to allow the more effective use of technology in instruction.

Review Agenda Items: The agenda items are acceptable. The state mandated Flexible Spending Account may cost the district \$75,000 to \$100,000 in a twelve month period and is another example of an unfunded mandate. It will be on the next agenda so that the program may start in January.

Review Corrective Action Plan: The current CAP that takes into account the two findings for 2010-11 were compared to the CAP of a year ago that dealt with four findings. Back in 2006, the CAP dealt with twelve findings. Back in 1999, it was fourteen findings. Improving operations relating to findings requires the participation of staff all across the district not only the Business Office. The decline in findings and the absence of repeat findings is a tribute to all involved. It was noted that with the breadth of actions associated with some topics, areas such as the ASSA and students activity funds, make an appearance more likely than other topics.

2012-2013 Budget: At the last committee meeting, it was agreed that expenditures associated with community education's utilization of facility personnel and energy would be phased in over a four year period; next year about \$230,000 will be charged to CE. It was agreed that the capital spending level in the annual budget should return to the \$1.5 million level. These decisions were affirmed. In addition, there was discussion on the \$8.3 million excess fund balance to be designated for 2012-13 budget.

Most of the discussion focused on tax relief, the greater the tax relief, the greater the burden on the Board of Education to curb spending if that amount cannot be sustained in future years; this requires a willingness to cut programs to match any imbalance of future years. It was mentioned that the auditor had also noted this risk and suggested that consideration be given to legally permissible applications of these dollars such as adding to the unemployment compensation fund, capital reserve and maintenance reserve. The committee suggests adding \$0.3 million to unemployment, \$1.5 million to capital reserve which then applies about \$6.5 million for tax relief in the 2012-13 budget.

The budget discussion moved to the 2% general fund tax levy increase topic; the current law allows the district to raise the general fund tax levy up to 2% plus a number of automatic adjustments. In the last budget cycle, this theoretically allowed the general fund tax levy to potentially increase by 2.27%; with the budget defeat, the increase came in at 1.9%.

Several years ago, the district applied the tactic of raising the general fund tax levy to the maximum and using any available dollars to reduce the debt service tax levy, keeping the overall tax levy increase relatively moderate. Compounding is powerful and while not going to the maximum may be a small number of dollars in any one year, over a number of years the impact to the budget can be large.

The committee suggests that the early focus of budget scenarios looked at two options: the typical 2% plus automatic adjustments in the general fund tax levy; and, a second option in which the total (general fund plus debt service fund) tax levy increases no more than 1.25%. Should the second option result in a shortfall in any budget period due to volatility in items such as benefits, special education or state aid, the BOE must be prepared to reduce spending, possibly on short notice.

In addition to the usual pressures on the budget for increased expenditures for salaries and health benefits, there are needs/requests for additional dollars for: the FSA; continuing programs without Title II dollars; charter school; outdoor education; providing Title I type services to non-Title I schools; and PERS, among others. As a zero sum game, the more dollars for existing and added programs, the fewer dollars are available to be applied for contract negotiation use.

Committee Meetings: The December 13<sup>th</sup> meeting will start at 6 PM. The January meeting will be January 12, 2012 at 6:30 PM.

Solar: There are only 11 more months of CREB eligibility, but still no word from the State of New Jersey. The architect notes that the district could proceed, if it chose, with installing 820 kw without any roof work: 350 KW at HSS (at a likely contract cost of \$1.6 million); 230 KX at Village (contract cost today at about \$1.1 million); 140 KW at community (\$0.6 million) and 50 KW systems at both Hawk and Wicoff. The committee agreed that unless doing the full CREB Phase II project, the 50 KW systems are relatively uneconomic and would not be done. The Community and Village systems could be done under CREB, even



without debt service aid, if done in the next 11 months. Capital Reserve could be utilized to do the projects – the same as was done for the Phase I projects. Materials distributed at earlier meetings provide data that can be utilized to determine the cash flows for a variety of circumstances.

The committee reviewed the current SREC position of the district. For July through September, the district has 84, year 2012 SRECs and has 19 in process for October. Because state regulations relating to SRECs require a specific BOE resolution approving the sale, a fast response to market conditions is constrained.

Service Employees International Union: Sodexo sued SEIU for its actions against the company and a settlement was recently announced. Rather than face discovery in conjunction with the lawsuit, the SEIU agreed to a settlement that ends the attacks the union has been making for the past few years. In some ways, this is a landmark conclusion of the legal action against the union.

May 2011 Taxpayer Guide: The committee reviewed the document both for the district and like size districts. Comparisons are favorable to the district. Every recent budget has had significant fund balance use for tax relief. When such tax relief moves from budget to actual, the dollars are characterized as local taxes since that is where they originated. The revenue sources designation for Use of Fund Balance is for use of the underlying 2% of budget that is allowed to be kept long term in the general fund balance. The 2% maximum used to be 6% in New Jersey and bond rating agencies recommend 5%. Municipalities are not limited to the 2% fund balance number.

The guide's 2009-10 total per pupil spending was \$16,555 for WWP compared to like sized districts of \$17,826 – WWP is favorable by \$1,271 per pupil. Numbers compatible with the long standing state numbers for the comparative spending guide have the district at \$12,388 versus all our sized districts at \$13,629 – WWP is favorable by \$1,241 per pupil. If the district spending was at the average, an additional \$12 million in taxes would be necessary.

The district has made aggressive use of capital reserve and ROD grants to keep the annual budget expenditures for these areas low. The 2009-10 WWP operations cost per pupil; is \$1,199 versus the average for our size district of \$1,476; our number is 19% below the average and was the 23<sup>rd</sup> out of about 105 (only 22 were at a lower cost and 82 spent more). Our classroom spending was 52<sup>nd</sup> (51 spent less and 53 spent more).

Our total 2009-10 actual “budgetary cost” is 36<sup>th</sup> – only 35 had lower spending per pupil and 68 spent more. As the board of education president often remarks, a top quality educational experience at below average cost.

The meeting adjourned at 9:02P.M.

**NEXT MEETING: Tuesday, December 13, 2011, 6:00 PM @ Grover MS Faculty Dining Room**

Topic for Next Meeting

Review Agenda Items  
2012-2013 Budget

Future Topics:

Impact of Recent Legislation  
Policies

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u>	<u>Administration:</u>	<u>Guest/Public:</u>
Anthony Fleres (Chair)	Victoria Kniewel	Rick Cave
John Farrell	Larry Shanok	Linda Geevers
Hemant Marathe	Lawrence LoCastro	Byron Maher

**February 21, 2012**

The meeting was called to order at 6:46 PM at Central Office in the superintendent's office. Topics covered included:

Review Agenda Items: items appear supportable.

Refresh Projects: Rick Cave described the benefits of the process that has been followed since 2004; it has served to assist in technology's contribution to improving instruction and learning throughout the district. He discussed a prioritized list of projects, ranging from the updating of about 10% of the oldest and least functional computers (these machines tend to be nine and ten years old and rather unsuitable to the requirements of current software), substitutes for aged and increasingly un-repairable classroom monitors, to projects focus on strengthening the wireless system, as well as projects replacing ten year old switches. As in the past committee discussion covered how we assess what should be done, comparisons to other highly functioning districts and providing effective computer functionality uniformly to students.

Budget Transfers: Resolutions and associated documents utilized by Princeton and Hopewell Valley districts were examined. WWP's procedures meet or exceed those of these two high performing districts. That the district meets the requirements is also seen from the lack of difficulties from either the annual audit process or the NJQSAC process.

Extended Benefits Determinations (Unemployment Compensation): There appears to be a new development in unemployment compensation issues. Originally, many former employees, starting in July 2010 collected up to 26 weeks of regular unemployment compensation. There was a question about district liability for the Extended Unemployment Compensation (EUC) that could extend benefits for up to 99 weeks; Department of Labor documents indicated that EUC was 100% federally funded and that proved to be the case.

January/February 2012 has seen the district in receipt of dozens of Extended Benefit (EB) determinations from the state. In these the State of New Jersey asserts that the district will be financially liable for up to 20 additional weeks of unemployment compensation. To date over \$350,000 of such determinations have been given to the district. The Department of Labor's own handbook states that employers are 50% liable (not 100%). The district has engaged its attorney to help resolve this difference.

Bond Refunding: Over the past ten years, the district has floated six bond issues for over \$100 million; over \$79 million was in four refunding bond issues, saving the district money. In September 2012, about \$22 million of bonds are callable. There is a long, involved process in New Jersey and the district is starting it for these bonds. Should current financial conditions continue as they are today, 12 month savings of over \$200,000 each year for about eight years can be attained. The district continues to utilize the bond counsel and financial advisor that served in the past six bond issues (and they served before those too). They have served the district well. The first of the necessary resolutions will come forward for action in March.

2012-2013 Budget Progress: The committee has been working on the budget since last Fall and the work culminated in discussions at the BOE Retreat on January 17<sup>th</sup>. The consensus reached through that process is embodied in the current version of the budget. A budget must be submitted to the Executive County Superintendent no later than March 5<sup>th</sup>; such a budget must have BOE approval. Thus the budget will be approved for submission to the County at the February 28<sup>th</sup> BOE meeting. The budget reflects a 1.89%

budget to budget increase and a flat (slightly lower) total tax levy. The tax levy complies with all cap law provisions.

Through the years the district has used a straight forward budget metric to gauge its effectiveness: the actual per pupil cost figures developed by the Department of education to be used with cross district comparisons. Historically, these show the district moved from spending on par with Lawrence, Hopewell Valley, and Princeton in 2002-03 (and about \$336 per pupil over the state average). Over years of prudent financial management, the per pupil costs are now thousands less than those districts (and \$1,241 below the state average) for the last year of available data.

We know that the district educational performance is well above average (as documented in BOE presentations through the years and available on the district website) and its costs average or below average.

As good as that record is, some year for additional comparisons. Every outside organization chooses comparisons that they prefer. How do we stack up to some of those?

Some believe (though the data does not support the hypothesis) that larger districts have an advantage in their size. The State of New Jersey aggregates 106 of the largest districts together for their purposes. In this grouping, WWP is 36. In other words, 35 have lower costs and 80 have higher costs than WWP. These rankings are devoid of a quality dimension and are wholly based on costs.

Some point to the list of high performing districts cited by Montgomery Township School District. Within the 24 high performing districts listed, eight have per pupil costs lower than WWP and fifteen have higher per pupil costs.

Another indicator can be seen based on the Inside-New Jersey magazine quality ratings. This magazine selects, by their criteria, the ten best high schools in each DFG category. WWP schools are #1 and #3 in the "J" DFG category; four of the other schools have per pupil costs higher than WWP and four have lower. The lowest is \$924 lower than WWP, a relatively small amount. The highest is \$6,372 above the WWP figure, a relatively large amount. The ten schools in the "I" category all have a cost per pupil above WWP's.

Administration & Facility Committee/Capital Reserve Request and Capital Projects: The facility committee is leaning toward more capital projects than can be supported by the proposed \$1.5 million capital budget. Might more projects be supported through use of capital reserve? The finance committee can envision additional projects, ones of high priority, being supported by capital reserve dollars. The architect has just updated the cost estimates of the projects, complicating the district's choices. A selection will have to be included in the budget submitted to the county in early March.

Other Business. The WWPEA has submitted a grant proposal for student and parent activities associated with Chinese language. The grant would be from the NJEA to the district and is almost ten thousand dollars. If time were not a factor, it would be noted at a Curriculum Committee meeting prior to appearing on a BOE agenda. However, the WWPEA has a near deadline from the NJEA and it is being noted here so as to be included in the upcoming BOE agenda.

The meeting adjourned at 9:00P.M.

**NEXT MEETING: Tuesday, March 20, 2012, 6:30 PM @ Central Office**

Topic for Next Meeting

Review Agenda Items  
2012-2013 Budget  
Refunding  
Refresh  
Reschedule May meetings

Future Topics:

Impact of Recent Legislation  
Policies

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) John Farrell Ellen Walsh	<u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u>
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**March 20, 2012**

The meeting was called to order at 6:35 PM at Central Office in the superintendent's office. Topics covered included:

Review Agenda Items: Reviewed key agenda items related to the Public Hearing, budget, and bond refinancing. Action on all of these are supported by the committee.

2012-2013 Budget: With over 90% of district revenue coming from tax levy, it generally is not a matter of whether there will be an increase in the tax levy but how large the increase will be. This year is an exception. With a small 1.89% budget-to-budget increase, along with higher dollar amounts for both tax relief and state aid, the total tax levy associated with the 2012-2013 budget is \$1.5 million less than a year ago.

Data was reviewed which demonstrated that the past ten years has clearly seen lower budget-to-budget increases than the ten years prior. The last four years have been especially noteworthy: increases of 1.6%, 0.0%, 1.4% and this year's 1.89% increase. This year's total tax levy declines by \$1.5 million.

Refunding of the 2002 Refunding Bonds: The state accountability act requires districts to refund eligible outstanding bonds when the economics favors it. Come September, the remaining 2002 Refunding Bonds are eligible for new refunding. The next agenda has necessary documentation to initiate this process. While results will vary with the state of the economy at the time of the refunding, net savings are likely to exceed \$150,000 annually for each of eight years.

Technology Refresh: The committee further discussed the program outlined by Rick Cave at the last committee meeting. Choices were narrowed and the administration will review tonight's discussion with Mr. Cave to facilitate progress on this year's effort.

This annual effort has kept the district at a satisfactory level of its district technology without having to dedicate a fixed portion of the budget to such efforts. The potential projects this year number a total of nine with an aggregate cost of \$921,000. Past years have seen selections of a bit more than half of that dollar level. The discussion covered which efforts are needed as soon as possible and which can possibly wait without too large a cost of delay.

Meeting Dates: The committee will meet April 17<sup>th</sup> at 6:00 PM; May 15<sup>th</sup> at 6:30 PM; and June 19<sup>th</sup> at 6:30 PM.

Non-Affiliate Process: The Finance Committee will serve as the review function for this year's edition of salary review. An overall level of dollars to be available must be set and a broad sense of its distribution.

Recent years have seen growing efforts to utilize merit concepts. Should this year's pool be small in size, progress in merit pay may be small this year. This year the non-affiliate group has been making a 1.5% of pay contribution to health care and next year they move to a larger percentage of premium level of contribution. Some pay increase may be needed to maintain an equitable pay structure.

The meeting moved to closed session for matters of personnel.

The meeting returned to open session. There was initial discussion of a baseline communication from the board attorney on both the use of Community Education fund balance and the status of the board office. There will be more discussion at future committee meetings. In general, the Board of Education has fairly wide latitude in utilizing Community Education fund balance for actions that serve community education purposes, including capital expenditures.

The meeting adjourned at 7:43P.M.

**NEXT MEETING: Tuesday, April 17, 2012, 6:00 PM @ Grover MS, Faculty Dining**

Topic for Next Meeting

Review Agenda Items  
Community Education Fund Balance  
Board Office Status

Future Topics:

Impact of Recent Legislation  
Policies

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u>	<u>Administration:</u>	<u>Guest/Public:</u>
Anthony Fleres (Chair)	Victoria Kniewel	
John Farrell	Larry Shanok	
Ellen Walsh	Lawrence LoCastro	
	Russ Schumacher	

**April 17, 2012**

The meeting was called to order at 6:05 PM at Grover Middle School in the faculty dining area. Topics covered included:

Review Agenda Items: The refunding was discussed; significant savings are possible if current economic conditions persist. The agenda items were reviewed and are supported.

2012-13 Budget: It was noted that the coming year is likely to see significant increases in prescription and dental premiums; the first outlook on prescription is a 14% increase while dental seeks an 18% increase. The district will strive to reduce these figures, but unlike a year ago, lost ratios are unfavorable (a year ago favorable loss ratios led to 0% increases). The 2012-13 budget will also be impacted by the January 1, 2013, increase in the State Employee Health Benefit Plan (the January 1, 2012 increase was not announced until October 2011); the increases for the last three years were 10.0%, 8.5% and 25.0%.

June Reserve Actions: For the past few years, the district has utilized the ability to add to capital reserves in June since the district had not been able to place capital reserve funds directly into the budget. The 2012-13 budget once again places funds directly into capital reserve, making June action less essential.

However, the recently extended benefits of 20 weeks of unemployment compensation places the district's Unemployment Compensation Trust Fund in jeopardy of paying out over \$420,000 over the coming months. Such a payment would wipe-out the trust fund. In addition to June reserve actions, or in place of such actions, it makes sense to transfer 2011-12 funds to the trust fund so as to keep it in the black as of June 30, 2012.

The Finance Committee will consider these moves and make a recommendation at its May meeting.

Technology Refresh: Further discussion settled in on the new priority list. The rapid change in technology makes settling on actions difficult – only a few years ago iPads did not exist and now they play a role in instruction. These items total an estimated \$696,000 and focus on, in order of priority: 100 computers to replace obsolescent ones at High School North; 200 Mac computers at the K-3 schools to replace obsolescent computers; two camcorders for the cable station due to obsolescence; add wireless licenses to allow additional access points for the growing use of wireless; replace 100 classroom monitors (the first of a series of needed replacements); upgrade the wireless network to automatically connect wireless devices to using the district filtered connection; and, replacing a network core switch (the device is 10 years old and is no longer supported by its manufacturer).

While the consensus was to proceed, there was a strong desire to have the choices be made in the context of a multi-year plan in the future. In the coming months, the BOE will be given such a perspective on technology in the district.

Other Business: Completion of the DRCC agreement will be made by another attorney for the district. Test results on air quality at the central office showed that there is not a problem with carbon monoxide or carbon dioxide nor with mold. Sensitivities to constant exposure to the basement area will have the administration seeking a long term solution to office space. For now, Payroll will continue in the former first floor conference room, Human Resources will operate from the annex, Community Education will operate from Millstone River School, and the basement will be used as a meeting area. A homeowners association has requested that the district pay a portion of their costs to maintain their drainage basin. The committee will seek an explanation for the association's belief that the district has a legal responsibility and their basis for determining a cost sharing rationale.

Closed session: The committee moved to closed session.

The committee returned to open session and adjourned at 7:30 PM to go the Board of Education meeting.

**NEXT MEETING: Tuesday, May 15, 2012, 6:30 PM @ Central Office**

Topic for Next Meeting

Review Agenda Items

Reserve actions.

SREC action

Budget Process Review Committee action

Future Topics:

Impact of Recent Legislation

Policies



## WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT BOARD FINANCE COMMITTEE MINUTES

<u>BOE Committee:</u> Anthony Fleres (Chair) Hemant Marathe Yibao Xu	<u>Administration:</u> David Aderhold Lawrence LoCastro	<u>Guest/Public:</u>
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**May 15, 2012**

The meeting was called to order at 6:30 PM at Central Office in the superintendent's office and immediately adjourned into Executive Closed Session. The Committee reconvened into public session at 6:55 PM. Topics covered included:

Review Agenda Items: After brief discussion of consultant fees that remained relatively flat overall and method for calculating the tuition rates for the upcoming year, the Committee was in support of the finance agenda.

SRECs: Sell or Hold: After reviewing the economic factors affecting the market price of SREC's and lack of legislative action or support that could bolster the market price, the Committee supports not holding the district's SREC's in hopes of market improvement. Mr. Marathe suggested looking into whether it was possible to enter into a multiple year agreement that would lock prices.

1<sup>st</sup> Quarter Unemployment: The Committee considered additional replenishment of the unemployment fund maintained by the district. Since the significant impact of outsourcing custodial, maintenance, and ground-keeping functions, the fund balance, as expected, has shrunk from over \$1M to under \$250,000. Budget deliberations for 2013 recognized the benefit of designating a \$300,000 payment to the fund. The district has since received a quarterly bill for \$175, 443 part of the additional \$420,266 in extended benefit determinations recently made by the State of NJ associated with extended benefits beyond the 99 weeks previously granted by the government.

Budget Process Review: The Committee believes the current process and timeframes are working effectively.

Edvocate Renewal: The Committee supports the renewal of Edvocate's monitoring contract with a 2% increase.

Food Service: Sodexo has proposed holding the management fee to \$0.21 per pattern meal for 2013; keeping it at the same level as the three most recent years. What remain to be determined are the lunch prices and the surplus guarantee. Board action will be anticipated at the June board meeting.

June Reserve Actions: The Committee would take a wait and see position and keep open the option of putting a portion of available surplus from the current year into its reserve funds.

June Transfer of Interest Income: As is required by the state, the district cannot spend interest earnings on its capital projects funds. The Committee supports transferring interest on capital projects funds to the debt service fund to help repay the district's long term debt.

The meeting adjourned at 8:15P.M.

**NEXT MEETING: Tuesday, June 19, 2012, 6:30 PM @ Central Office**

Topic for Next Meeting  
Review Agenda Items  
Future Meeting Dates

Future Topics:  
Impact of Recent Legislation  
Policies



**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) Hemant Marathe	<u>Administration:</u> Victoria Kniewel Larry Shanok	<u>Guest/Public:</u> Rick Cave Harry Doctor, Jr.
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**June 19, 2012**

The meeting was called to order at 6:30 PM at central office in the superintendent's office. Committee Member Xu was absent. Topics covered included:

Technology – Load Balancing: The district heavily relies on expensive, old technology for much of its internet capacity. Technology proposed a realignment that provides greater resiliency to our internet capacity and reduces annual costs to the district. To bring this change about approximately \$50,000 needs to be invested in two load balancers. The realignment will raise capacity at High School South from 70 mbps to 150 mbps; capacity at High School North from 150 mbps to 250 mbps (equipment located at the two high schools serve the entire district). The annual cost would move from \$51,600 to about \$18,252 – an annual cost reduction of about \$33,000. It was proposed that the load balancers be paid for by the use of federal E-rate dollars. The Committee endorses the action. Mr. Cave and Mr. Doctor departed.

Review Agenda Items: The Committee reviewed the agenda items and supports them. Two areas received discussion at some length: food service and capital reserve.

Renewal with Sodexo for 2012-13 is recommended. The per meal management fee is unchanged from the current rate. Additionally, Sodexo offers a limited financial guarantee equal to the one given for the current year. The Committee endorses the administration's recommendation to renew for 2012-13.

Federal nutrition regulations proposed months ago take effect July 1, 2012. These requirements have a variety of aspects that are expected to raise costs to districts and dampen student participation rates. Increases in use of whole grains, fruits and vegetables are primary sources of higher costs. Lower participation is anticipated due to smaller portions of bread and the protein placed in the meals offered. Smaller portion sizes and the mandatory nature of both fruits and vegetables in meals, acceptable as federal program lunches, may lead to a rise in complaints. To minimize loss of participation, food service plans on holding the line on the federal lunch at all grade levels. The premium lunch price rises by 25 cents. The lunch price is below that of Princeton, Hopewell Valley, and Robbinsville school districts.

Current indicators of year-end surplus imply a potential level of excess surplus at about the level of a year ago. This is good news as a decline was anticipated. Indeed, several spending categories show tightening budgets. Two major areas more than make-up for that: available balances now showing in regular education salaries and in health benefits. While a year ago regular teacher salary available balance was at about the \$0.3 million level, currently the balance is over one million dollars. [One example of how that happens is with a promotion to subject supervisor. A teacher was earning and budgeted at about \$91k; they were made a subject supervisor, at a higher salary – but lower than the former supervisor – saving budgeted dollars. In addition a \$50k teacher took her place in the classroom – saving budgeted dollars. Similar situations happen for leave replacements and some retirements.] Premium increases of 20% were budgeted and medical premiums increased at half that rate while a year ago we negotiated a zero increase in the prescription premium. With spending of about \$18 million, even a 10% shift in rate increases frees a significant balance.

In prior years the district has made use of the ability to add to capital reserve in June. The favorable current balance data suggest that the district should do so again this year. The Committee supports adding to the capital reserve in an amount not to exceed \$1.75 million (the same amount as a year ago). There are rumors of a fourth round of Regular Operating District grants becoming available relatively soon; for the third round WWP was the only district that had capital reserve funds to allow aggressive applications for the 40% state dollars ROD makes possible.

Budget - Audit Update: The auditors have been in to do preliminary field work.

2011-2012 Budget – What Worked/What Did Not: Last month the Committee concluded that the process is working relatively well and should be followed again. This was mentioned to the board members at a BOE meeting. No additional suggestions have been received. This process follows in the tradition started by the Budget Process Review Committee of years ago. It was noted that these process suggestions are not mandatory, but succeeding boards have utilized them to support and communicate the budget process.

HSN/Wicoff Contractor Requests: A contractor that worked last summer on roof projects at High School South and Wicoff asserts that he is due additional funds – approximately \$156k (the two projects had award amounts totaling \$2.5 million). We are in discussions about the request. Should we agree on an amount it will come forward as a change order; if we cannot agree it may move to mediation. We will balance advice from both our architect and board attorney in coming to a decision.

SRECs Discussion: Continuing the discussion of a month ago. It was concluded that existing SRECs should be sold in the near future (after following required rules and regulations pertaining to such sales). In addition, the district should seek a two-year deal for the advance sale of the next two years of SRECs. The administration will proceed on these matters.

Finance Committee Meeting Dates: The Committee reviewed the meeting dates and agreed to meet on the following dates: July 24, August 14, September 18, October 16, November 20, December 11, January 22, February 19, March 19, April 23, May 21, and June 18. Dates may be revisited in August when the full Committee is present.

Other Business: The committee moved into closed session at 7:56 P.M.

The meeting returned to open session and adjourned at 8:00P.M.

**NEXT MEETING: Tuesday, July 24, 2012, 6:30 PM @ Central Office**

Topic for Next Meeting  
Review Agenda Items  
2011-2012 Year End

Future Topics:  
Impact of Recent Legislation  
Policies