



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

LAMONT O. REPOLLET, Ed.D.
Commissioner

December 6, 2019

Mr. David M. Healy, Superintendent
Toms River Regional School District
1144 Hooper Avenue
Toms River, NJ 08753

Dear Mr. Healy:

Pursuant to language included in P.L. 2019, c. 150, the New Jersey Department of Education (the Department) has conducted a needs assessment based on the Toms River Regional School District's (the district) application for 2019-2020 Emergency Aid in the amount of \$4,473,821. The Department analyzed the application submitted by the district, along with fiscal information necessary for a thorough review including, but not limited to, the district's submissions in the NJDOE's Budget Statement Software (Budget System), Audit Summary (Audsum), and the district's Comprehensive Annual Financial Reports (CAFR).

On September 10, 2019, the Department sent a letter detailing missing or incomplete information in the district's application submission. Upon review of the additional information submitted as a result of that letter, the Department noted that items are still incomplete or missing from the application. Notwithstanding, the Department reviewed the application on its merit based on the submitted items.

The district application outlines the following reasons to support the request for Emergency Aid:

1. Athletic stipends in the high schools	\$250,000
2. Administrator – supervisor position	\$145,000
3. Twenty-five elementary school teachers	\$1,356,000
4. Fifteen intermediate school teachers	\$813,600
5. Eighteen high school teachers	\$976,320
6. One facilities trade position	\$46,865
7. Two guidance secretaries	\$49,036
8. Benefits for the above salaries	\$837,000

The Department finds:

1. The district adopted a balanced 2019-2020 original budget certified for taxes based on the March 7, 2019 state aid notice, and state aid to the district was not altered by the FY20 Appropriations Act, P.L. 2019, c. 150.
2. The district's FY18 CAFR shows that student enrollments have decreased by approximately 9.71% over the ten-year period beginning with 2009. Per pupil costs have increased by 28.03% over that same time.
3. Capacity of the existing schools is 20,785 students, with a district enrollment of 15,365 students, resulting in approximately 73.92 percent building use. (FY18 CAFR)
4. The district's July 2016 Extraordinary Aid (Exaid) notice indicates the district received approximately \$2,391,665 of extraordinary aid for 2018-2019 and the budget system indicates the district appropriated \$850,000. The district recognized the additional \$1,541,665 of Extraordinary Aid as general fund revenue for the year ended June 30, 2019 in the Preliminary #2 June 30, 2019 board secretary report providing additional surplus that could be used to fund 2019-2020 general fund appropriations. Unbudgeted Extraordinary Aid is outside the audited excess surplus calculation; it's a positive adjustment to the 2% of expenditures that the district is allowed to keep and can be budgeted in the following year in accordance with the transfer rules. Further, the district appropriated \$950,000 in the 2019-2020 original budget certified for taxes.
5. The district has a five-year history of audited excess surplus from 2013-2014 through 2017-2018, ranging from approximately \$159,120 to \$1,573,524 each year, indicating the 2019-2020 appropriations may also be overstated. (Source: District Audsum submission)
6. The district has approximately \$4,117,109 in maintenance reserve after budgeting a withdrawal of \$2,000,000 in 2019-2020 and has budgeted approximately \$3,172,112 in required maintenance costs. The district can budget an additional \$1,172,112 withdrawal from maintenance reserve to fund the remainder of the required maintenance costs and reallocate other general fund revenues to fund the needs in this application. *N.J.A.C. 6A:23A-14.2(d)* authorizes the district to withdraw, by resolution, funds from the maintenance reserve account and appropriate the funds into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities. (Source: 2019-2020 Budget Software)
7. The district has approximately \$714,765 in emergency reserve reported on FY20 Recapitulation of Balance in the Budget System.
8. The district received an unbudgeted 2018-2019 Homeless Tuition Reimbursement of \$69,715 for homeless student tuition. Recognition of this general fund revenue may result in additional unassigned surplus available to fund 2019-2020 general fund appropriations. (Source: District Application and FY19 Homeless Tuition Reimbursement aid notice)
9. The district received \$225,330 of 2018-2019 Nonpublic Transportation Aid for costs in excess of \$710 per student. The district budgeted \$104,400 of this and recorded the full \$225,330 as revenue in the Preliminary #2 June 30, 2019 board secretary report submitted with the

Emergency Aid application. The recognition of this additional general fund revenue may result in additional unassigned surplus available to fund 2019-2020 general fund appropriations. Unbudgeted Nonpublic Transportation Aid is outside the audited excess surplus calculation; it's a positive adjustment to the 2% of expenditures that the district is allowed to keep and can be budgeted in the following year in accordance with the transfer rules. (Source: District Application and Reimbursement of Nonpublic School Transportation Costs aid notice)

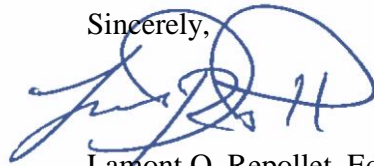
10. The district has a significant amount of miscellaneous revenue from local sources. A review of the Audsum data indicates that the district has under budgeted miscellaneous revenue in 2018-2019 and 2019-2020. Actual miscellaneous revenue from 2013-2014 through 2017-2018 ranges from a low of \$1,000,835 in 2016-2017 to a high of \$3,232,342 in 2013-2014. The district budgeted \$886,935 in 2018-2019 yet actual miscellaneous revenue per the June 30 board secretary report is \$1,768,542. Miscellaneous revenue budgeted for 2019-2020 is \$948,557; this appears to be low considering the district's historical trend of actual miscellaneous revenue received.

Based upon a thorough needs assessment, including review of the district's application and the elements outlined above, the Department has determined to approve the district's request for emergency aid in the amount of \$854,634, which is equal to the total requested emergency aid amount of \$4,473,821 less FY19 unbudgeted Extraordinary Aid of \$1,541,665; unbudgeted FY19 Nonpublic Transportation Aid of \$120,930, unbudgeted Homeless Aid of \$69,715, funds available in the district's maintenance reserve of \$1,172,112 and funds available in the district's emergency reserve of \$714,765. As described above, the Department's needs assessment identified alternative resources to address the balance of the district's request.

This decision shall not preclude your district from requesting to supplement its application for emergency aid to the Commissioner due to a change in circumstances, discovery of additional information, or factors outside of those outlined in this letter.

In addition to the grant of emergency aid set forth in this letter, the county office is available to assist with the implementation of a plan to address the trends and changes to the district profile described in this letter, as well as any other plan the district may want to consider.

Sincerely,



Lamont O. Repollet, Ed.D.
Commissioner

c: Kellie LeDet
Kevin Dehmer
AbdulSaleem Hasan
Glenn Forney
Allen Dupree
Kevin Ahearn
Charles Muller