Request for comment before publication re: capital reserve account

1 message

James Gottshall <james.gottshall@gmail.com> Wed, Sep 2, 2026 at 3:20 PM
To: Steven McHugh <smchugh@wbps.org>
Cc: gcusmano@wbps.org

To: Members of the Board via Steve McHugh, Board Secretary

Members of the Board,

I'm writing to give you notice of an article I intend to publish this week, and to give the Board a chance to respond to it first.

The article is about the district's capital reserve account. It's built entirely from public records: the district's audited financial reports, its User Friendly Budgets, the Board's own meeting minutes, NJDOE state aid notices, and the Morris County Abstract of Ratables. It compares Wharton to all 38 school districts in Morris County on the same basis.

I plan to publish on Sunday, September 6. I'm asking the Board for two different things, on two different timelines.

First, before publication: check my figures. I would rather correct an error before publication than after. The specific figures the article relies on are listed below. If any one of them is wrong, reply with which figure and what the correct number is, and I'll fix it before I publish. That's a narrow ask and I'm not asking anyone to build an argument overnight. If the Board tells me a number is wrong on Wednesday afternoon, I will hold publication until it's right.

Second, on your own time: answer three questions. Those are at the end of this letter, and the deadline for them is a week out. Nothing about answering them has to happen before I publish.

The figures

Figure	Amount	Where it comes from
Capital reserve balance, June 30, 2025	$12,632,187	ACFR 2024-25, Note 4
Total general fund expenditures, 2024-25	$21,094,381	ACFR 2024-25, Exhibit C-1
State on-behalf pension and benefit contributions	$3,571,968	ACFR 2024-25, Exhibit C-1
Operating spending used for comparison	$17,522,413	C-1 total less on-behalf contributions
Reserve as a share of one year’s operating spending	72.1%	$12,632,187 divided by $17,522,413
Morris County median, same measure	10.2%	All 38 districts, same basis
K-8 enrollment, 2023-24, preschool excluded	703	NJDOE School Performance Report
General fund school tax levy, 2024-25	$10,268,862	User Friendly Budget 2026-27
Moved into capital reserve, June 26, 2025 resolution	$3,802,397	ACFR Note 4; minutes of June 26, 2025
Amount that resolution authorized	up to $6,000,000	Minutes of June 26, 2025
Budgeted withdrawal from capital reserve, 2024-25	$1,272,092	ACFR 2024-25, Note 4
Capital outlay, actual, 2024-25	$1,070,776	ACFR 2024-25, Exhibit C-1
General fund tax levy increase, 2026-27	2.00%	User Friendly Budget 2026-27

On these figures, measured against one year of operating spending, Wharton holds the largest capital reserve of all 38 districts in Morris County. In plain dollars it holds the third largest of the 38, and the largest of the county's 19 K-8 districts.

The comparison removes preschool and State-paid on-behalf pension contributions from every district, on the same basis, consistent with the treatment in each district's own audit and with the Department of Education's Taxpayers' Guide to Education Spending.

Three questions:
I'm asking the Board to answer these on the record. I'll publish any answer in full and unedited.

1. What is the $12,632,187 for? Not in general terms. The projects, what each one costs, the year each one is scheduled, and the date each one was added to the Long Range Facilities Plan.
2. Why does a district of 703 students and two schools need the largest capital reserve of any K-8 district in Morris County, and the third largest overall?
3. If the district's Long Range Facilities Plan does not justify the balance, when will the excess be withdrawn and designated in the following year's budget, as N.J.A.C. 6A:23A-14.1(g)1 requires?

The facilities plan
I filed an OPRA request for the Long Range Facilities Plan on August 29. That request is understandably still outstanding. The LRFP is the only legal limit on the size of this account, and by statute that plan covers the ensuing five years. I'll publish what it contains when I receive it, whatever it shows.

I want to be direct with the Board about how I read that document, so there is no confusion later. If the plan does not justify the balance, the rule requires the excess to be withdrawn and designated in the following year's budget. If the plan does justify the balance, that establishes that the account is lawful. However, it does not by itself establish that the amount is appropriate, because the Board writes the plan, the Board amends the plan, and the Board has twice amended it in the same motion that authorized the transfer. That's why question 1 asks when each project was added, and not only what the projects are.

Distribution
I'm sending this to you, Steve, as Board Secretary rather than to members individually, so that the Board can respond as a body.

Please distribute it to all members of the Board, and please reply to confirm that you have done so. If I don't receive that confirmation, I'll report that the letter was sent to the Board Secretary on September 2 with a request for distribution, and leave it there.

Response
On the figures: any correction by 3:00pm Friday, September 4, to this email.

On the three questions: please respond by 5:00pm on Wednesday, September 9. That's a week from today. If the Board needs longer than that, say so and I'll report that a response is being prepared rather than that none was given.

If I don't hear from anyone at all, I'll report that the Board was sent these questions on September 1 and did not respond.

I'm not asking the Board to agree with my conclusions. I'm asking it to answer three questions about a $12.6 million account that belongs to the taxpayers of this borough.

Best,

Jim Gottshall
Wharton Resident