



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

JON S. CORZINE
Governor

LUCILLE E. DAVY
Commissioner

June 30, 2009

Mr. Frank Sutton, Board President
Branchville Borough School District
4 Pines Road
Branchville NJ, NJ 07826-0000

Dear Mr. Sutton:

Pursuant to P.L. 2007, c.63 and A-4141, signed into law by Governor Corzine on June 30, 2009, I have reviewed the enclosed plan submitted by the Sussex County Executive County Superintendent to eliminate the non-operating Branchville Borough School District and to provide for the education of the children from Branchville Borough in the Frankford Township School District.

I find that the Executive County Superintendent's plan adequately addresses the statutory requirements for the elimination of the non-operating district. In particular, the plan provides for the continuation of a nine member board of education elected for staggered three year terms. Current members of the Frankford Township Board of Education will continue in office until the expiration of their respective terms, at which time the successor shall be elected at-large by the voters of the new district. Within 30 days of the merger of the districts, the Executive County Superintendent will appoint the existing representative from Branchville Borough to serve as a voting member of the Frankford Township Board of Education until the first Monday succeeding the first annual election in which a member of the Frankford Township Board of Education is elected at-large.

The Executive County Superintendent further recommends that for the first year (2009-10), the tax levy be allocated in the amounts equivalent to the 2009-10 districts' budgets certified for taxes. Thereafter, the Executive County Superintendent recommends that the levy be apportioned through a five-year phase in to 100% equalized valuation. I find that this recommendation results in the least-fiscally disruptive tax levy allocation as required by the statute.

I further agree with the recommendations of the Executive County Superintendent regarding the liquidation of the remaining assets and the closing of the fiscal books of the Branchville Borough School District, and regarding the remaining issues set forth in the Executive County Superintendent's plan. I conclude that this plan will effectuate the

legislative intent behind P.L. 2007, c.63 and A-4141 while causing the least disruption to the affected districts.

For all of the foregoing reasons, I approve the plan submitted by the Sussex County Executive County Superintendent for the merger of the Branchville Borough School District with the Frankford Township School District, effective July 1, 2009. I direct the Sussex County Executive County Superintendent to work closely with the two districts to ensure that this plan is implemented promptly, and that the transition to a single combined district is accomplished as seamlessly as possible.

Sincerely,



Lucille E. Davy
Commissioner

Enclosure

- c: Executive County Superintendent
- Executive County Business Administrator
- School Business Administrator, Branchville Borough School District
- School Business Administrator, Frankford Township School District
- Board President, Frankford Township School District
- Chief School Administrator, Frankford Township School District

Sussex County

REPORT ON NON-OPERATING SCHOOL DISTRICT

Branchville

Submitted by:

**Rosalie S. Lamonte, Ph.D.
Executive County Superintendent**

**Final Report
June 30, 2009**

I. FOREWORD

Public Law 2007, Chapter 63 (known as “CORE legislation”) was enacted to encourage financial accountability of local units of government, including school districts. The CORE legislation serves to empower citizens, reduce waste and duplication of services in districts, and direct shared services and consolidation consistent with amendments to existing law.

The CORE legislation established the position of Executive County Superintendent (ECS). In accordance with plans submitted to the Commissioner of Education, the ECS is required to eliminate districts located in their counties that are not operating schools (“non-operating school districts”). The accountability regulations, N.J.A.C. 6A:23A, promulgated consistent with the above law and recently proposed under the Administrative Procedures Act with substantive amendments, reiterates the requirement for the ECS to submit such plans to the Commissioner to eliminate “non operating school districts” (N.J.A.C. 6A:23A-2.4). In addition, the Legislature has passed and the Governor intends to sign A-4141, which clarifies the procedures under which the non-operating school districts will be eliminated and merged into existing school districts.

Branchville Borough represents the sole “non-operating school district” within Sussex County. It sends its students (PK-8) to Frankford Township in a sending-receiving relationship that has spanned several years. Branchville and Frankford send their 9-12 students to be educated at High Point Regional High School. This report presents a plan to join Branchville Borough and Frankford Township into a single school district to serve the students from both communities.

II. COMMUNITIES

A. Description

Branchville Borough:

Branchville is located in the northernmost region of Sussex County. Originally part of the surrounding Township of Frankford, N.J., Branchville separated and formed its own self-governing borough in 1898. The town is approximately 1/2 mile in size and has a total population of 840. Its form of government is that of a borough, with a mayor and a six (6) member council. It is primarily a residential community with a major insurance company (Selective Risk) within its boundaries.

Frankford Township:

Frankford Township has a population of about 5,420, and a total area of 35.4 square miles. The township was incorporated in 1797 out of part of the existing Newton Township, and was supposedly named after the Frankford section of Philadelphia, Pennsylvania, after a visitor who hailed from that area came to help out at the rural school in the township. Frankford Township is governed under the Township form of government with a three (3) member Township Committee.

The Township Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one seat coming up for election each year. At an annual reorganization meeting, the Township Committee selects one of its members to serve as Mayor and another as Deputy Mayor.

The following tables highlight demographic characteristics of Branchville Borough and Frankford Township.

B. POPULATION

1. Total Population

	Year 2000	2006*
Branchville Borough	845	839*
Frankford Township	5435	5680*

(Source: www.sussex.nj.us)

*(Source: [http://en.wikipedia.org/wiki/Branchville, New Jersey](http://en.wikipedia.org/wiki/Branchville,_New_Jersey))

2. Ages (Range) – 2000 Census

Age Range	Under 5	6 to 64	65 & over	Total
Branchville	29	663	153	845
Frankford	267	4465	703	5435

(Source: U.S. 2000 Census, www.factfinder.census.gov)

C. HOUSING

1. Total – 2000 Census

	Permanent
Branchville Borough	377 Units
Frankford Township	2295 Units

(Source: U.S. Census, www.factfinder.census.gov)

D. Net Valuation Taxable

Equalized Valuations	As of 10/01/2008
Branchville Borough	\$ 158,552,054
Frankford Township	\$ 970,821,462

(Source: County Board of Taxation – Abstract of Ratables)

III. SCHOOL DISTRICTS

A. BOARD OF EDUCATION

Branchville Borough is a Type II district with an elected board consisting of seven (7) members elected for staggered three-year terms.

Frankford Township is a Type II district with an elected board consisting of nine (9) members elected for staggered three-year terms and one voting member from Branchville Borough.

Combined Board of Education

In accordance with A-4141, the new combined district would continue with an elected board consisting of nine (9) members elected for staggered three-year terms. The members of the Frankford Township Board of Education will continue in office as members of the combined district until the expiration of the respective terms for which they were elected. In any year in which the term of a member of the board of education of the new district expires, his/her successor shall be elected at-large by the voters of the new district. Within 30 days of the merger of the districts, the Executive County Superintendent will appoint the same voting member from Branchville Borough to the existing Frankford Township board, thereby increasing the membership of the board temporarily to ten (10) members. Such membership by the ECS shall serve on the board until the first Monday succeeding the first annual school election in which a member of Frankford board is elected at large.

B. ENROLLMENTS

The tables below present the Borough's and Township's resident enrollments, for the four years 2005-06 through 2008-09.

Enrollment – Branchville Borough

For Year	Total	K (Full)	1	2	3	4	5	6	MS 7-8	Sp Ed
2005-06	85	14	7	4	7	9	13	4	19	8
2006-07	72	4	11	4	4	4	11	12	16	6
2007-08	78	5	1	4	10	5	6	6	26	9
2008-09	78	7	4	2	11	5	8	7	24	10

(Source: ASSA-summary and DOE data enrollments)

Enrollment – Frankford Township

For Year	Total	K (Full)	1	2	3	4	5	6	MS 7-8	Sp Ed
2005-06	660	47	61	70	62	56	58	72	143	91
2006-07	630	51	53	61	68	67	58	60	132	80
2007-08	633	61	51	53	60	68	67	60	135	78
2008-09	590	48	62	49	47	57	64	70	117	76

(Source: ASSA-summary and DOE-data enrollments)

C. FINANCIAL

1. Budget Information

The following tables summarize the Borough’s and Township’s actual financial results for 2007-2008, and budget data for 2008-2009 and 2009-2010.

	Branchville		
	<u>2007-2008</u> Actual	<u>2008-2009</u> Budget	<u>2009-2010</u> Budget
Appropriations			
General Fund	1,275,290	1,390,205	1,311,969
Special Revenues	0	0	0
Debt Service	0	0	0
Total	1,275,290	1,390,205	1,311,969
Revenues			
Less: State Aid	147,570	150,439	158,861
Less: State Aid Adjustment	0	0	0
Less: Other Revenues	0	0	0
Less: Federal, Special, Debt	0	0	0
Total	147,570	150,439	158,861
Taxes to be Raised	1,080,087	1,226,766	1,143,608
Tax as % of Total Approps	84.7%	88.2%	87.2%

(Source: District CAFR 2008, District Budgets 2008-09 and 2009-10)

	Frankford		
	<u>2007-2008</u> Actual	<u>2008-2009</u> Budget	<u>2009-2010</u> Budget
Appropriations			
General Fund	9,605,772	10,136,701	10,034,737
Special Revenues	201,905	248,426	177,000
Debt Service	86,275	87,600	88,663

Total	9893952	10,472727	10,300,400
Revenues			
Less: State Aid	2,341,507	2,378,064	2,373,064
Less: State Aid Adjustment	0	0	0
Less: Other Revenues	0	0	0
Less: Federal, Special, Debt	197,058	248,043	177,000
Total	2538565	2626107	2550064
Taxes to be Raised			
General Fund	6,169,533	6,348,953	6,562,569
Debt Service	86,275	87,598	88,663
Total Tax Levy	6,255,808	6,436,551	6,651,232
Tax as % of Total Approps.	63.2%	61.5%	64.6%

Source: School District 2009-2010 Budget Document-Sussex County Education Office

2. Equalized Valuation

The tables below present the Borough's and Township's assessed and equalized valuations, true value ratios and year-over-year growth, for 2004 to 2008.

Assessed and Equalized Valuations

				Year-Over Year	
				Assessed	Equalized
Branchville Borough	<u>Assessed</u>	<u>Equalized</u>	Ratio		
History					
2004	100,568,401	143,690,731	69.95%	N/A	N/A
2005	100,787,356	160,548,916	62.74%	0.2%	11.7%
2006	189,383,662	180,259,182	105.07%	87.9%	12.3%
2007	161,257,058	171,025,405	94.28%	(14.8)%	(5.1)%
2008	154,482,893	158,552,054	97.43%	(4.2)%	(7.3)%
				Year-Over Year	
				Assessed	Equalized
Frankford Township	<u>Assessed</u>	<u>Equalized</u>	Ratio		
History					
2004	423,539,160	631,998,101	66.90%	N/A	N/A
2005	424,539,664	722,424,019	58.66%	0.2%	14.3%
2006	432,066,976	813,812,418	52.99%	46.4%	12.7%
2007	436,270,916	905,648,411	48.08%	(29.8)%	11.3%
2008*	958,726,225	970,821,462	98.75%	119.8%	7.2%

*Reassessment of property

(Source: NJ State Dept of Treasury, Division of Taxation)

3. Borrowing Margin/Capacity (as of December 31, 2008)

Branchville School District – \$5,090,784
 Frankford School District – \$26,837,000

The Borough of Branchville has no outstanding bonded-debt and Frankford has \$88,663 outstanding bonded-debt. The above represents the full borrowing capacity of Branchville and the remaining capacity of Frankford.

D. TAXES

1. General Fund Tax Levy

	2009-10 Budget
Branchville District (non-op)	
Local Fair Share	\$ 624,807
Minimum Tax	\$ 624,807
Actual Tax Levy	\$1,143,608
Tax Levy Cap	\$1,184,009
Frankford District (receiving)	
Local Fair Share	\$5,595,008
Minimum Tax	\$5,595,008
Actual Tax Levy	\$6,562,569
Tax Levy Cap	\$6,602,911

Source: School District 2009-2010 Budget Document-Sussex County Education Office

1a. Combined General Fund Tax Levy Allocation

Under A-4141, the general fund tax levy apportionment in the first year of the merger is directed in a manner determined by the Commissioner to be the least fiscally disruptive. The districts' tax levy can be apportioned by equalized valuations, pupil enrollment, or some combination thereof. The impact of each method is illustrated below using the districts' 2009-10 actual General Fund tax levies.

2009-2010 Actual General Fund Levy

	2009-10 Actual Levy	Levy at 100% Equalized Valuations	Levy at 50% Eq.Val, 50% Enrollment	Levy at 100% Enrollment
Branchville	\$1,143,608	\$ 958,041	\$ 853,626	\$ 749,212
Frankford	\$6,562,569	\$6,748,136	\$6,852,551	\$6,956,965

There is no combination of equalized valuations and pupil enrollment that will result in the same levy allocation in 2009-10. The allocation of 100% Equalized Valuations would provide the closest to the current allocation.

Therefore, for the first year, I recommend that Branchville raise \$1,143,608 and Frankford raise \$6,562,569 which is the same amount included in the 2009-10 budget.

A-4141 further provides that thereafter, the apportionment methodology shall be selected from those established in N.J.S.A. 18A:13-23, i.e. equalized valuations, pupil enrollment, or some combination thereof, and that if necessary, the Commissioner may direct a five-year phase-in of that method. This phase-in will be adjusted annually based on the final levy of the new district calculated each year. I recommend a five-year phase in of the 100% equalized valuations methodology. Using the 2009-10 tax levy for illustration, the annual phase-in would be:

	FY10	FY11	FY12	FY13	FY14	FY15
Branchville	\$1,143,608	\$1,106,495	\$1,069,381	\$1,032,268	\$ 995,154	\$ 958,041
Frankford	\$6,562,569	\$6,599,682	\$6,636,796	\$6,673,909	\$6,711,023	\$6,748,136
Total	\$7,706,177	\$7,706,177	\$7,706,177	\$7,706,177	\$7,706,177	\$7,706,177

2. Debt Service Fund Tax Levy

	2009-10 Budget
Branchville District (non-op)	
Total Debt	0
Total State Aid	0
Debt Service Levy	0
Other Local Sources	0
Frankford District (receiving)	
Total Debt	\$88,663
Total State Aid	
Debt Service Levy	\$88,663
Other Local Sources	

Source: School District 2009-2010 Budget Document-Sussex County Education Office

2a. Debt Service Levy Allocation

There are no existing Debt Service implications. Debt Service for Frankford will be completely paid as of 2009-10. All new debt approved by the merged district will be the responsibility of the constituent districts and allocated in accordance with the general fund tax levy allocation.

E. STATE AID

	2009-10 State Aid
Branchville District (non-op)	\$ 158,861
Frankford District (receiving)	\$2,373,064

Source: School District 2009-2010 Budget Document-Sussex County Education Office

Under A-4141, state aid will still be calculated as for separate districts based on the Borough and Township's pupil and wealth characteristics. The resulting aid amounts will then be combined and provided in total to the new single district for development of its combined budget.

IV. COST SAVINGS

The following summarizes the potential cost savings, exclusive of any final closing costs to be paid from remaining surplus balances, which may result from the legislative requirement to eliminate the Branchville non-operating school district.

A. General Fund Total (2009-2010):	\$1,311,969
B. Estimated Potential Cost Savings:	\$18,000

The following summarizes the possible cost savings that may result:

1. General Administrative Services, including the elimination of costs for:
 - a. Legal
 - b. Board conferences
 - c. NJSBA membership
 - d. Telephone
 - e. Treasurer of School Monies
2. Unallocated Benefits, including the elimination of costs for:
 - a. Workers' Compensation Insurance
 - b. Social Security contribution
3. Administrative Central Services: including the elimination of costs for:
 - a. Salary for part-time business administrator/board secretary

V. DISTRICT SPECIFIC ISSUES/CONCERNS

1. Transportation

Pursuant to N.J.S.A. 18A:39-1, a district is required to transport its nonpublic students if it transports its regular education students. Frankford and Branchville currently transport their regular education students and therefore, are required to transport their nonpublic students. Frankford currently holds the contracts for all of Branchville's transported students and will continue to do so when the districts merge.

2. Building and/or Land Owned

The Branchville School District currently owns a school building. The building is operated by the Frankford School District for Pre-K and Kindergarten classes for both Branchville and Frankford resident students. Under A-4141, Branchville municipality will take title to and control of the building and the furnishings and the equipment therein, unless the deed on the school grounds and building directs otherwise. Frankford will need to continue to lease the building for the foreseeable future as this space is needed to continue to educate the students in the merged district. The lease cost in 2009-2010 is \$7000/year.

VI. RECOMMENDATIONS TO THE COMMISSIONER

Pursuant to N.J.A.C. 6A:23A-2.4, the Executive County Superintendent recommends elimination of the Branchville Borough School District as of July 1, 2009. The Branchville Borough board has the option to maintain the part-time school business administrator of the borough through August 31, 2009 to assist in the transition. The 68 students of Branchville Borough will continue to be educated at the Frankford Township Elementary School and beginning with 2009-10, will be counted as resident students in Frankford Township School District. For the purpose of calculating State school aid, both the Borough and the Township will continue to be considered separate school districts. Beginning in 2010-11, the general fund tax levy of the single Frankford Township School District will be apportioned to each community, per the above allocation discussed in Section III. The 9-12 students will continue to be educated at High Point Regional High School.

For the 2009-10 school year the Executive County Superintendent will appoint the same voting member from Branchville Borough to the existing Frankford Township Board. For 2009-10 and thereafter, the members of the Township Board of Education will continue in office as members of the combined district until the expiration of the respective terms for which they were elected. All seats of the nine-member board will be elected by at-large vote thereafter.

In accordance with A-4141, the Frankford Township School District (receiving district) will have the responsibility to liquidate all assets and close the fiscal books (and conduct the final audit) of the Branchville School District (non-op). The costs of the final audit shall be payable from the Borough's accounts prior to the liquidation of the assets.

All remaining cash and fund balances on completion of this liquidation process shall be paid to the Borough's municipal government, and any indebtedness of Branchville shall be the responsibility of that municipal government.

All books, documents, and records of the Borough shall be turned over to the board of education of the merged district.