



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

Ms. Beth Smigelski, Board President
Shiloh Borough School District
PO Box 189
Shiloh, NJ 08106

Dear Ms. Smigelski:

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 Assistant Commissioner for Field Services to eliminate the non-operating Shiloh Borough School District and to provide for the education of the children from Shiloh Borough in the Hopewell Township School District.¹

I find that the Assistant Commissioner'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 Hopewell 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 or Commissioner's designee will appoint a representative from Shiloh Borough to serve as a voting member of the Hopewell Township Board of Education until the first Monday succeeding the first annual election in which a member of the Audubon Borough Board of Education is elected at-large.

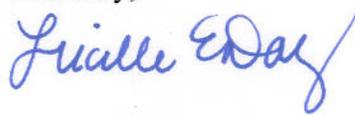
The Assistant Commissioner further recommends that for the first year (2009-10), the tax levy be allocated in the final amounts that were included in the districts' 2009-10 budgets. Thereafter, the Assistant Commissioner recommends that the levy be apportioned through five-year phase in to 100% enrollment methodology. I find that this recommendation results in the least-fiscally disruptive tax levy allocation as required by the statute.

¹Pursuant to N.J.S.A. 18A:7-2 the Commissioner may designate any one of her Assistant Commissioners to exercise the duties of the Executive County Superintendent without additional compensation. It is under this authority that the Assistant Commissioner for Field Services submitted the plan.

I further agree with the recommendations of the Assistant Commissioner regarding the liquidation of the remaining assets and the closing of the fiscal books of the Shiloh Borough School District, and regarding the remaining issues set forth in the Assistant Commissioner'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 Assistant Commissioner for the merger of the Shiloh Borough School District with the Hopewell Township School District, effective July 1, 2009. I direct the Cumberland 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: Assistant Commissioner
Cumberland County Superintendent
Executive County Business Administrator
School Business Administrator, Shiloh Borough School District
School Business Administrator, Hopewell Township School District
Board President, Hopewell Township School District
Chief School Administrator, Hopewell Township School District

Cumberland County
REPORT ON NON-OPERATING SCHOOL DISTRICT

Shiloh Borough School District

Submitted by:

Gerald Vernotica

Assistant Commissioner for Field Services

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 ECS¹ 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.

Shiloh Borough, a Pre-K to grade 8 district, represents the sole “non-operating school district” within Cumberland County. Shiloh Borough sends its students to the Hopewell Township School District. This relationship began in the 2006–2007 school year with Shiloh sending grades K–2 to Hopewell in the 2006–2007 school year. As a result of this successful “pilot,” grades 3–8 also attended the Hopewell Township School District in the 2007—2008 school year. Both Shiloh Borough and Hopewell Township, along with Deerfield Township, Fairfield Township, Greenwich Township, Stow Creek Township and Upper Deerfield Township, are constituent members of the Cumberland Regional School District and have been since the inception of that district in the 1977-78 school year. As a result, the grades 9–12 students from both municipalities attend the same high school. Accordingly, both of these districts are academically assimilated, leaving fiscal and governance as two of the major remaining issues to complete full assimilation. This report presents a plan to join Shiloh Borough and Hopewell Township into a single school district to serve the students from both communities.

II. COMMUNITIES

A. Description

1. Shiloh Borough:

Shiloh Borough is contiguous to Hopewell Township in the eastern portion of Cumberland County, with a land area of approximately 1.2 square miles. Its form of government is that of a borough, with an elected mayor and a six-member council. It is primarily a rural, residential community.

¹ Pursuant to N.J.S.A. 18A:7-2, the Commissioner may designate any one of her Assistant Commissioners to exercise the duties of the Executive County Superintendent without additional compensation. It is under this authority that the Assistant Commissioner for Field Services submits this plan.

2. Hopewell Township:

Hopewell Township covers approximately 70 square miles in the eastern portion of Cumberland County. The Township is governed by a five-member township committee which elects the mayor from the committee members. It is primarily a residential community.

B. POPULATION

1. Total Population

	Year 2000	2007
Shiloh Borough	534	660
Hopewell Township	4,434	4,785

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

(Source: U.S. Census, www.factfinder.census.gov) – 2007 Population estimates

2. Ages (Range) – 2000 Census

Age Range	Under 5	5 to 14	15 to 19	20 and over	Total
Shiloh Borough	34	67	39	394	534
Hopewell Township	210	596	302	3,326	4,434

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

3. Birth Rates (1998-2005)

Year	1998	1999	2000	2001	2002	2003	2004	2005
Shiloh Borough	9	5	9	7	3	3	4	7
Hopewell Township	41	34	42	44	36	34	33	31

(Source: Dept. of Health & Senior Services)

C. HOUSING

1. Total – 2000 Census

	Permanent
Shiloh Borough	194 Units
Hopewell Township	1,628 Units

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

2. Growth (Building permits 2000-2006)

	2000	2001	2002	2003	2004	2005	2006
Shiloh Borough	6	8	10	7	7	5	4
Hopewell Township	32	15	15	15	17	26	18

(Source: U.S. Census Bureau, Manufacturing & Construction Division)
(Prepared by: New Jersey Department of Labor & Workforce Development, 7/08)

D. Net Valuation Taxable

	As of 10/01/2008
Shiloh Borough	\$ 19.4 million
Hopewell Township	\$231 million

(Source: NJ Dept. of Treasury, Division of Taxation, Table of Equalized Values)

III. SCHOOL DISTRICTS

A. BOARD OF EDUCATION

Shiloh Borough is a Type II district with an elected board consisting of five (5) members elected for staggered three-year terms.

Hopewell Township is a Type II district with an elected board consisting of nine (9) members elected for staggered three-year terms. The Hopewell School District offers comprehensive Pre-K to grade 8 educational programs to meet the needs of a regular education population, as well as students with special needs.

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 Hopewell 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 successor shall be elected at-large by the voters of the new district. Within 30 days of the merger of the districts, the ECS will appoint a voting member from the Shiloh Borough to be added to the existing Hopewell Township board, thereby increasing the membership of the board temporarily to ten members. The member appointed by the ECS shall serve on the board until the first Monday succeeding the first annual school election in which a member of the board of education of the new district is elected at-large.

B. ENROLLMENTS

The tables below present the Shiloh Borough's and Hopewell Township's individual and combined resident enrollments by grade levels, for the five years 2005-06 through 2009-10.

Please note: Both Shiloh Borough and Hopewell Township are considered K-8 districts and all 9-12 students attend Cumberland Regional High School.

1. Shiloh Borough

For Year	Total	K (Full)	1	2	3	4	5	6	7	8	Sp Ed
2005-06	56	6	9	5	2	8	5	6	6	6	3
2006-07	56	3	5	8	6	3	9	6	7	4	5
2007-08	50	3	1	7	7	6	4	6	6	6	4
2008-09	44	4	3	3	4	8	5	4	4	4	5
2009-10	37	2	3	3	2	3	7	5	3	4	5

(Source: NJ DOE Application for State School Aid-Data Listing)

2. Hopewell Township

For Year	Total	K (Full)	1	2	3	4	5	6	7	8	Sp Ed
2005-06	522	47	49	53	48	47	51	53	58	69	47
2006-07	520	51	51	50	53	48	42	53	59	62	51
2007-08	510	48	53	49	47	54	48	42	53	58	58
2008-09	512	48	50	53	48	48	52	48	43	57	65
2009-10	478	40	47	50	49	45	45	52	52	44	54

(Source: NJ DOE Application for State School Aid-Data Listing)

C. FINANCIAL

1. Budget Information

The following tables summarize the Borough's and Township's actual financial results for 2007-08, and budget data for 2008-09 and 2009-10. As shown in these tables, the portion of tax levy to total budget for both the Borough and Township has been slightly declining over the past three years.

Shiloh Borough--Summarized

	Shiloh Borough		
	2007-2008 Actual	2008-2009 Budget	2009-2010 Budget
<u>Appropriations</u>			
General Fund	\$502,611	\$ 561,656	\$570,568
Special Revenues	\$14,591	\$ 9,057	\$ 8,894
Debt Services	\$ -	\$ -	\$ -
Total	\$517,202	\$570,713	\$579,462
<u>Revenues</u>			
Less: State Aid -Other	\$379,018	\$388,505	\$388,505
Less: State Aid - Adjustments	\$ -	\$ -	\$ -
Less: Other Revenues	\$(14,331)	\$35,025	\$43,937
Less: Federal;Special;Debt	\$14,591	\$9,057	\$8,894
Total	\$379,278	\$432,587	\$441,336
Taxes to be Raised	\$137,924	\$138,126	\$138,126
Tax as a % of Total Approps	26.67%	24.20%	23.84%

(Source: 2007-2008 Actual and 2009-2010 Budget obtained from School District Budget Statement for the School Year 2009-2010)

(Source: 2008-2009 Budget obtained from School District Budget Statement for the School Year 2008-2009)

Hopewell Township – Summarized

	Hopewell Township		
	2007-2008 Actual	2008-2009 Budget	2009-2010 Budget
<u>Appropriations</u>			
General Fund	\$6,072,268	\$6,575,684	\$6,585,674
Special Revenues	\$323,239	\$236,967	\$ 297,586
Debt Services	\$823,278	\$815,976	\$807,265
Total	\$7,218,785	\$7,628,627	\$7,690,525
<u>Revenues</u>			
Less: State Aid -Other	\$2,737,038	\$3,103,852	\$3,100,479
Less: State Aid - Adjustments	\$ -	\$ -	\$ -
Less: Other Revenues	\$ 610,875	\$702,331	\$715,694
Less: Federal;Special;Debt	\$1,146,517	\$1,052,943	\$1,104,851
Total	\$4,494,430	\$4,859,126	\$4,921,024
Taxes to be Raised	\$2,724,355	\$2,769,501	\$2,769,501
Tax as a % of Total Approps	37.74%	36.30%	36.01%

(Source: 2007-2008 Actual and 2009-2010 Budget obtained from School District Budget Statement for the School Year 2009-2010)

(Source: 2008-2009 Budget obtained from School District Budget Statement for the School Year 2008-2009)

2. Ratables

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

Shiloh Borough

Shiloh Borough History	<u>Assessed</u>	<u>Equalized</u>	<u>Ave. Ratio Assessed to True Value</u>	<u>Year-Over-Year</u>	
				<u>Assessed</u>	<u>Equalized</u>
2004	\$18,679,878	\$20,937,905	89.22%	n/a	n/a
2005	\$19,094,488	\$25,114,362	76.03%	2.2%	19.9%
2006	\$19,357,592	\$30,304,108	63.88%	1.4%	20.7%
2007	\$19,430,642	\$31,713,511	61.27%	0.4%	4.7%
2008	\$19,412,258	\$37,931,612	51.18%	-0.1%	19.6%

(Source: NJ Dept. of Treasury, Division of Taxation, Table of Equalized Values)

Hopewell Township

Hopewell Township History	<u>Assessed</u>	<u>Equalized</u>	<u>Ave. Ratio Assessed to True Value</u>	<u>Year-Over Year</u>	
				<u>Assessed</u>	<u>Equalized</u>
2004	\$222,645,464	\$241,858,775	92.06%	n/a	n/a
2005	\$224,807,536	\$272,004,273	82.65%	1.0%	12.5%
2006	\$226,734,338	\$313,892,520	72.23%	0.9%	15.4%
2007	\$229,567,880	\$360,758,358	63.63%	1.2%	14.9%
2008	\$231,087,147	\$366,515,865	63.05%	0.7%	1.6%

(Source: NJ Dept. of Treasury, Division of Taxation, Table of Equalized Values)

The assessed values of both municipalities have not changed significantly in the last five years.

3. Borrowing Margin/Capacity (at June 30, 2008)

Shiloh Borough School District (Non-operating School District): \$856,987

Hopewell Township School District (Receiving School District): \$6,014,748

The Borough of Shiloh has no outstanding bonded-debt and Hopewell Township has \$3.4 million of outstanding bonded-debt, of which approximately \$2 million matures in 2012 and approximately \$1.4 million matures in 2017. The above represents the full borrowing

capacity of Shiloh and the remaining capacity of Hopewell. It should be noted, in March of 2009 Hopewell Township approved a \$2.8 million bond referendum for a solar project and HVAC renovations. The \$2.8 million in bonds is anticipated to be sold July 2, 2009. This would reduce the above capacity for Hopewell by this amount.

(Source: Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2008)

D. TAXES

1. General Fund Tax Levy

	2009-10 Budget
Shiloh Borough	
Local Fair Share	\$279,676
Minimum Tax	\$138,126
Actual Tax Levy	\$138,126
Hopewell Township	
Local Fair Share	\$2,636,561
Minimum Tax	\$2,636,561
Actual Tax Levy	\$2,769,501

(Source: Local Fair Share obtained from the Projected 2009-2010 State School Aid Profile)

(Source: Minimum and Actual Tax Levy obtained from Annual School District Budget Statement for the School Year 2009-2010-supporting documentation)

1a. 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. Generally, a district's tax levy can be apportioned by equalized valuations, pupil enrollments, or some combination thereof. The impact of each method is illustrated below using the district's 2009-10 actual General Fund tax levies.

	Actual 2009-10 Levy	Levy at 100% Equalized Valuations	Levy at 50% EqVal, 50% Enrollment	Levy at 100% Enrollment
Shiloh Borough	\$ 138,126	\$ 267,099	\$ 237,998	\$ 208,897
Hopewell Township	\$2,769,501	\$2,640,528	\$2,669,629	\$2,698,730

As shown above, there is no combination of equalized valuations and pupil enrollments that will result in the same levy allocations as in 2009-10. While the allocation based on 100% enrollment would come closest, it would still result in some disruption. Therefore, for the first year, a tax levy of \$138,126 is recommended for Shiloh Borough and

\$2,769,501 is recommended for Hopewell Township, which are the same amounts included in the budgets certified for taxes.

A-4141 further provides that thereafter, the apportionment methodology shall be selected from those established in NJSA 18A:13-23, i.e., equalized valuations, pupil enrollments, 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% enrollment methodology. Using the 2009-10 tax levy for illustration, the annual phase-in would be:

	FY10	FY11	FY12	FY13	FY14	FY15
Shiloh Borough	\$ 138,126	\$ 152,280	\$ 166,434	\$ 180,589	\$ 194,743	\$ 208,897
Hopewell Township	\$2,769,501	\$2,755,347	\$2,741,193	\$2,727,038	\$2,712,884	\$2,698,730
Total	\$2,907,627	\$2,907,627	\$2,907,627	\$2,907,627	\$2,907,627	\$2,907,627

2. Debt Service Fund Tax Levy

	2009-10 Budget
Shiloh Borough (Non-Operating District)	
Total Debt	n/a
Total State Aid	n/a
Debt Service Levy	n/a
Other Local Sources	n/a
Hopewell Township (Receiving District)	
Total Debt	\$3,426,000
Total State Aid	\$ 355,677
Debt Service Levy	\$ 451,588
Other Local Sources	n/a

(Source: Total Debt - Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2008)

(Source: Total State Aid and Debt Service Levy - School District Budget Statement for the School Year 2009-2010)

Debt Service Levy Allocation

A-4141 further provides that the amount to be raised for interest upon and the redemption of bonds payable by the district for bonds issued prior to and after the effective date of this act shall be apportioned among the constituent districts of the merged district in such manner as the commissioner determines to be least fiscally disruptive. I recommend that all existing debt of Hopewell Township, including debt that was voted upon but for which bonds have not yet been sold prior to the effective date of the merger, remain the responsibility of Hopewell Township; and all new debt approved by the voters of 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
Shiloh Borough	\$ 388,505
Hopewell Township	\$3,100,479

(Source: NJDOE Projected 2009-2010 State School Aid – State Aid Summary [Page NET])

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

IV. POTENTIAL COST SAVINGS

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

- A. General Fund Total (2009-2010):** \$570,568
- B. Estimated Potential Cost Savings:** \$ 64,500

The following summarizes the possible cost savings that may result:

1. General Administrative Services, including the elimination of costs for:
 - a. Legal & Audit Fees
 - 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 salary for part time business administrator/board secretary

V. DISTRICT SPECIFIC ISSUES/CONCERNS

A. 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. Hopewell Township School District currently transports its students; therefore, Hopewell Township is required to transport its nonpublic

students. As a part of the current agreement between the two school districts, Hopewell Township currently transports all Shiloh Borough students. Hopewell Township will continue to be responsible for the transportation of all Shiloh Borough students. It is estimated there will be no additional cost to transport Shiloh Borough's nonpublic students as it currently does not have any nonpublic students.

B. Building and/or Land Owned

Shiloh Borough School District owns a K-8 building which is currently not in use. The building's deed does not include any instructions if the building is no longer operated as a school or owned by the school district. In accordance with A-4141, the Borough of Shiloh will take title to and control of the building and the furnishings and equipment therein. All books, documents and records of the Shiloh Borough Board of Education shall be turned over to the new merged Hopewell Township School District.

C. Deferred Taxes

The Shiloh Borough government has deferred property taxes collected on behalf of the Hopewell Township School District. The Shiloh Borough government should continue to collect taxes in such a manner that no disruption will result from this merger.

VI. RECOMMENDATIONS TO THE COMMISSIONER

Pursuant to N.J.A.C. 6A:23A-2.4, the Executive County Superintendent recommends elimination of Shiloh Borough School District as of July 1, 2009. The Hopewell Township board has the option to maintain the school business administrator of the Borough through August 31, 2009 to assist in the transition. Its approximate 37 students (at October 15, 2008) will continue to be educated at Hopewell Township School District, and beginning with 2009-10, will be counted as resident students in Hopewell Township School District; but for the purposes 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 Hopewell Township School District will be apportioned to each community, per the above allocation discussed in Section III-D. As constituent members of the limited purpose Cumberland Regional School District, grades 9-12 students from both municipalities will continue to attend Cumberland Regional High School.

Under Section III-A, in 2009-10 the ECS will appoint a voting member from the Borough to be added to the existing Township board. 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, Hopewell Township (receiving district) will have the responsibility to liquidate all remaining assets and close the fiscal books of Shiloh Borough (non-operating) district, including arranging for the final audit. 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 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.