



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. Margaret McLain, Board President
Hardwick Township School District
98 Mohican Road
Blairstown, NJ 07825

Dear Ms. McLain:

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 Warren County Executive County Superintendent to eliminate the non-operating Hardwick Township School District and to provide for the education of the children from Hardwick Township in the Blairstown 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 Blairstown 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 member from the Hardwick Township Board of Education to serve as a voting member of the Blairstown Township Board of Education until the first Monday succeeding the first annual election in which a member of the Blairstown 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 that were included in the districts' 2009-10 budgets. Thereafter, the Executive County Superintendent recommends that the levy be apportioned through a combination of 78.8% enrollment and 21.2% 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 Hardwick Township 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 Warren County Executive County Superintendent for the merger of the Hardwick Township School District with the Blirstown Township School District, effective July 1, 2009. I direct the Warren 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, Hardwick Township School District
- School Business Administrator, Blirstown Township School District
- Board President, Blirstown Township School District
- Chief School Administrator, Blirstown Township School District

Warren County

REPORT ON NON-OPERATING SCHOOL DISTRICT

Hardwick Township School District

Submitted by:

**Kevin B. Brennan, Ed.D.
Executive County Superintendent**

June 29, 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.

Hardwick Township, a K to grade 6 district, represents the sole “non-operating school district” within Warren County. It sends its students to Blairstown Township in a sending-receiving relationship that has spanned several years. 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 Hardwick Township and Blairstown Township into a single school district to serve the students from both communities.

II. COMMUNITIES

A. DESCRIPTION

(Source: Municipal/County Publications)

Hardwick Township:

The Hardwick Township School District is located in the northern part of Warren County. The neighboring Pahaquarry Township was absorbed by Hardwick Township in 1997 creating the current Hardwick Township. Hardwick Township is governed under a three-person township committee with a mayor appointed from within the committee. Hardwick Township is primarily a rural residential community.

Blairstown Township:

Blairstown Township also a rural community, is located in the northwest corner of Warren County on the southern border of Hardwick Township. Blairstown Township is governed by a five-member township committee with a mayor appointed from within the committee. While primarily a residential community, Blairstown Township serves as the commercial center for northern Warren County. Both retail and wholesale industry has developed along the Route 94 corridor which runs through the center of Blairstown Township.

B. POPULATION

1. Total Population

	Year 2000	Year 2007
Blairstown Township	5,747	5,928
Hardwick Township	1,464	1,619

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

2. Ages (Ranges)

Age Range	Under 5	5 to 14	15 to 19	20 and over	Total
Blairstown	335	871	383	4,158	5,747
Hardwick	92	232	95	1,045	1,464

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

3. Birth Rate (1998-2005)

Year	1998	1999	2000	2001	2002	2003	2004	2005
Blairstown	54	60	65	55	58	64	57	54
Hardwick	11	9	13	12	21	8	21	11

(Source: US Census, www.factfinders.gov)

C. HOUSING

1. Total

	Permanent	Seasonal
Blairstown Township	2,101 Units	35 Units
Hardwick Township	514 Units	16 Units

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

2. Growth (Bldg. permits 2000-2006)

	2000	2001	2002	2003	2004	2005	2006
Blairstown	28	29	23	15	13	18	26
Hardwick	15	17	7	14	7	10	8

(Source: N.J. Dept. of Labor & Workforce Development, www.wnjp.in.state.nj.us)

D. Ratables

	As of 10/01/2008
Blairstown Township	\$913,645,462
Hardwick Township	\$156,046,474

(Source: New Jersey State Department of Treasury)

III. SCHOOL DISTRICTS

A. BOARD OF EDUCATION

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

Blairstown Township is a Type II district with a board consisting of nine (9) members elected from Blairstown Township and serving for staggered three-year terms and one (1) voting member appointed annually by the Hardwick Township Board of Education.

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 Blairstown 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 Executive County Superintendent will appoint the existing representative to the Blairstown Township board of education as a voting member from Hardwick Township to be added to the existing Blairstown 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 Blairstown board of education is elected at-large.

B. ENROLLMENTS

The tables below present the Blairstown Township and Hardwick Township individual and total resident enrollments by grade levels, for the five years 2005-06 through 2009-10.

Enrollment-Hardwick Township

For Year	Total	K (Full)	1	2	3	4	5	6	Sp Ed
2005-06	150	20	10	23	17	15	18	17	30
2006-07	148	16	18	12	22	19	15	16	30
2007-08	148	13	15	15	13	22	19	16	35
2008-09	160	21	17	15	17	17	14	25	34
2009-10	156	21	21	17	15	17	17	14	34

(Source: District ASSA; County office DOE estimate for 2009-10)

Enrollment-Blairstown Township

For Year	Total	K (Full)	1	2	3	4	5	6	Sp Ed
2005-06	616	71	69	83	70	68	69	84	102
2006-07	611	72	78	72	76	69	66	69	109
2007-08	602	56	74	77	69	81	74	68	103
2008-09	584	64	63	63	75	71	71	80	97
2009-10	561	57	64	63	63	75	71	71	97

(Source: District ASSA; county office DOE estimate for 2009-10)

The Blairstown Township School District has experienced declining enrollment since the 2005-2006 school year. The enrollment has decreased by 32 students, or 5.2% over a three year period. It is expected that an enrollment decline will continue in the 2009-2010 school year. The current facilities within the school district are sufficient to accommodate the projected enrollment.

C. FINANCIAL

1. Budget Information

The following tables summarize Hardwick Township and Blairstown's actual financial results for 2007-08, and budget data for 2008-09 and 2009-10.

Blairstown Township—Summarized

Appropriations	2007-08	2008-09	2009-10
General Fund	\$8,421,971	\$8,332,649	\$8,473,552
Special Revenues	\$ 364,198	\$ 310,658	\$ 204,350
Debt Service	\$ -	\$ -	\$ -
Total	\$8,786,169	\$8,643,307	\$8,677,902
Revenues			
Less: State Aid-Other	\$2,299,655	\$1,611,192	\$1,692,593
Less: State Aid-Adjustment	\$ -	\$ -	\$ -
Less: Other Revenues	\$1,759,876	\$2,084,908	\$2,053,940
Less: Federal; Special; Debt	\$ 366,405	\$ 310,658	\$ 204,350
Total	\$4,425,936	\$4,006,758	\$3,950,883

Taxes to be Raised	\$ 455,030	\$4,636,549	\$4,727,019
Taxes as % of Total Approps	51.80%	53.60%	54.50%

(Source: District CAFR and Budgets)

Hardwick Township—Summarized

Appropriations	2007-08	2008-09	2009-10
General Fund	\$ 2,075,543	\$ 2,101,059	\$ 2,063,556
Special Revenues	\$ 34,314	\$ 25,000	\$ 25,000
Debt Service	\$ -	\$ -	\$ -
Total	\$ 2,109,857	\$ 2,126,059	\$ 2,088,556
Revenues			
Less: State Aid-Other	\$ 468,586	\$ 488,709	\$ 520,159
Less: State Aid-Adjustment	\$ -	\$ -	\$ -
Less: Other Revenues	\$ 52,443	\$ 287,350	\$ 268,397
Less: Federal; Special; Debt	\$ 34,314	\$ 25,000	\$ 25,000
Total	\$ 555,343	\$ 801,059	\$ 813,556
Taxes to be Raised	\$ 1,400,000	\$ 1,325,000	\$ 1,275,000
Taxes as % of Total Approps	66.40%	62.30%	61.00%

(Source: District CAFR and Budgets)

2. Equalized Valuation

The tables below present Hardwick Township and Blairstown Township's assessed and equalized valuations, true values ratios and year-over-year growth, for 2004 to 2008.

Assessed and Equalized Valuations

Blairstown Township				Year over Year	
History	<u>Assessed</u>	<u>Equalized</u>	<u>Ratio</u>	<u>Assessed</u>	<u>Equalized</u>
2004	\$ 455,313,508	\$ 688,868,748	66.0%	NA	NA
2005	\$ 462,054,641	\$ 781,024,039	59.07%	1.50%	13.40%
2006	\$ 467,938,557	\$ 876,015,592	53.34%	1.30%	12.20%
2007	\$ 909,363,531	\$ 955,090,645	95.20%	94.3%	9.0%
2008	\$ 913,645,462	\$ 946,988,228	96.47%	0.5%	-0.8%

Hardwick Township				Year over Year	
History	<u>Assessed</u>	<u>Equalized</u>	<u>Ratio</u>	<u>Assessed</u>	<u>Equalized</u>
2004	\$ 143,149,367	\$ 190,436,504	76.68%	NA	NA
2005	\$ 149,347,090	\$ 210,639,607	70.84%	2.20%	10.60%
2006	\$ 151,726,248	\$ 231,479,311	65.49%	1.60%	9.90%
2007	\$ 154,155,426	\$ 251,027,594	61.36%	1.60%	8.40%
2008	\$ 156,046,474	\$ 242,402,696	64.33%	1.20%	-3.40%

(Source: NJ State Department of Treasury: www.state.nj.us/treasury/taxation/lpt/lptvalue.shtml)

The assessed valuation in Blairstown Township has approximately doubled between 2007 and 2008 due to a reassessment in the municipality.

3. Borrowing Margin/Capacity

Hardwick Township School District -	\$6,919,995
Blairstown Township School District -	\$21,721,072

Neither Hardwick nor Blairstown have any outstanding debt and therefore, the above represents the full borrowing capacity of both districts. The combined borrowing capacity of the two townships will be sufficient to support the projects noted in Blairstown Township's Long-Range Facilities Plan (LRFP).

D. TAXES

1. General Fund Tax Levy Allocation

	2009-10 Budget
Hardwick Township School District	
Local Fair Share	1,247,494
Minimum Tax	1,247,494
Actual Tax Levy	1,275,000
Blairstown Township District	
Local Fair Share	4,747,512
Minimum Tax	4,636,549
Actual Tax Levy	4,727,019

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

2009-10 Actual General Fund Levy

	<u>2009-10 Actual</u> <u>Levy</u>	<u>Levy at</u> <u>100%</u> <u>Equalized</u> <u>Valuations</u>	<u>Levy at 50%</u> <u>EqVa, 50%</u> <u>Enrollment</u>	<u>Levy at</u> <u>100%</u> <u>Enrollment</u>
Blairstown	\$ 4,727,019	\$ 4,785,525	\$ 4,748,393	\$ 4,711,262
Hardwick	\$ 1,275,000	\$ 1,216,495	\$ 1,253,626	\$ 1,290,757

Analysis of the data indicates that the allocation of 78.8% pupil enrollment and 21.2% equalized valuations would result in the same levy allocations for 2009-10. Thus, for the first year (09-10) I recommend that Blairstown raise the same amount included in the 09-10 budget of \$4,727,019 and Hardwick raise \$1,275,000.

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. I recommend beginning in 2010-11 that the apportionment methodology be 78.8% enrollment and 21.2% equalized valuations, a combination of the two methods, as permitted in NJSA 18A:13-23. A five-year phase in is not necessary and therefore, not recommended.

2. Debt Service Fund Tax Levy

	2009-10 Budget
Hardwick Township School District	
Total Debt	0
Total State Aid	
Debt Service Levy	
Other Local Sources	
Blairstown Township School District	0
Total Debt	
Total State Aid	
Debt Service Levy	
Other Local Sources	

Neither Blairstown Township nor Hardwick Township has outstanding bonded debt. I recommend all new debt approved by the combined district will be the responsibility of the combined district and allocated in accordance with the general fund tax levy allocation recommended above.

F. STATE AID

	2009-10 State Aid
Blairstown Township School District	\$ 1,673,411
Hardwick Township School District	\$ 520,159

(SOURCE: STATE AID PROFILE)

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

IV. COST SAVINGS

The following summarizes the costs savings that may result from the legislative requirement to eliminate the Hardwick Township School District.

A. General Fund Total (2009-2010): \$2,063,556

B. Estimated Potential Cost Savings: \$46,955

The following is a summary of the areas targeted for anticipated savings:

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. Potential Loss of Impact Aid

Hardwick Township School District has been eligible for federal impact aid. This aid is calculated based on an application to the federal government and has been inconsistent in the amount awarded the district annually. In fact, no funding has been received for the past two years and no aid is anticipated for the 2009-2010 school year based on the district's budget. According to the Hardwick Township business administrator, the newly combined district would not be eligible for federal impact aid. However, federal property that is located in Hardwick would become part of the newly combined school district. It is recommended that the newly combined district of Blairstown Township file an application for the continuation of the federal impact aid.

2. Transportation

As both school districts currently transport students to the Blairstown Elementary School, and also provide transportation or aid in lieu of transportation for nonpublic school students, nonpublic transportation is not an issue in the newly combined school district. The Hardwick Township transportation contracts will need to be transferred to the Blairstown Township school district.

3. Building and/or Land Owned

Based on information provided by the district, while, the Hardwick Township School District currently holds title on one vacant building, the Hardwick Township board of education has passed a motion divesting itself of all rights to the building and transferring it to the Hardwick Township Committee as of December 31, 2009. Responsibility for the final disposition of the building will rest with the Hardwick Township Committee.

IV. RECOMMENDATIONS TO THE COMMISSIONER

Pursuant to N.J.A.C. 6A:23A-2.4, the Executive County Superintendent recommends elimination of the Hardwick Township School District as of July 1, 2009. The Blairstown Township board has the option to maintain the school business administrator of Hardwick Township through August 31, 2009 to assist in the transition. Its approximate 160 students (at October 15, 2008) will continue to be educated at Blairstown Township School District, and beginning with 2009-10, will be counted as resident students in the Blairstown 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 Blairstown School District will be apportioned to each community, per the above allocation discussed in Section III-D.

Under Section III-A, in 2009-10 the Executive County Superintendent will appoint the existing representative to the Blairstown Township board of education as a voting member from Hardwick Township to be added to the existing Blairstown Township board. The members of the Blairstown 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, Blairstown Township (receiving district) will have the responsibility to liquidate all remaining assets and close the fiscal books of Hardwick Township (non-operating) district, including arranging for the final audit. The costs of the final audit shall be payable from Hardwick Township'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 Hardwick's municipal government, and any indebtedness shall be the responsibility of that municipal government.

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

As constituent members of the limited purpose North Warren Regional School District, grades 7-12 students from both municipalities will continue to attend North Warren Regional School District. There are ongoing K-12 consolidation studies consistent with NJSA 18A:7-8(h) and as provided by A-4141, the ECS may continue to consider Hardwick and Blairstown in those plans notwithstanding this merger.