



## 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

Mrs. Joanne Carroll, Board President  
Helmetta Borough School District  
P.O. Box 287  
Helmetta, NJ 08828

Dear Mrs. Carroll:

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 Middlesex County Executive County Superintendent to eliminate the non-operating Helmetta Borough School District and to provide for the education of the children from Helmetta Borough in the Spotswood Borough 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 five member board of education elected for staggered three year terms. Current members of the Spotswood Borough 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 a representative from Helmetta Borough to serve as a voting member of the Spotswood Borough Board of Education until the first Monday succeeding the first annual election in which a member of the Spotswood Borough 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 Helmetta 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 Middlesex County Executive County Superintendent for the merger of the Helmetta Borough School District with the Spotswood Borough School District, effective July 1, 2009. I direct the Middlesex 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, Helmetta Borough School District
- School Business Administrator, Spotswood Borough School District
- Board President, Spotswood Borough School District
- Chief School Administrator, Spotswood Borough School District

**MIDDLESEX COUNTY**  
**REPORT ON NON-OPERATING SCHOOL DISTRICT**

**Helmetta School District**

**Submitted by:**

**Patrick Piegari, Ed.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.

Helmetta Borough, a Pre-K to Grade 12 district, represents the sole “non-operating school district” within Middlesex County. It sends its students to Spotswood Borough in a sending-receiving relationship that has existed since 1979. 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 Helmetta Borough and Spotswood Borough into a single school district to serve the students from both communities.

## **II. COMMUNITIES**

### **A. Location**

#### **Helmetta Borough – Middlesex County**

Helmetta Borough is located in Middlesex County with a land area of approximately .90 square miles. Its form of government is that of a borough, with a mayor and six (6) council members. It is primarily a residential community.

#### **Spotswood Borough – Middlesex County**

Spotswood Borough is located in Middlesex County with a land area of approximately 2.3 square miles. Its form of government is that of a borough, with a mayor and five (5) council members. Also, it is primarily a residential community.

Spotswood and Helmetta are adjacent communities.

## B. POPULATION

### 1. Total Population

	Year 2000	2007
Helmetta Borough	1,825	2,012
Spotswood Borough	7,880	8,153

U.S. Census Bureau American FactFinder

<http://factfinder.census.gov/> (To: Fact sheet for town and state To: Population finder)

### Ages (Ranges) - Year 2000

Age Range	Under 5	5 to 19	19 and Over	Total
Helmetta Borough	124	318	1,383	1,825
Spotswood Borough	472	1,444	5,964	7,880

U.S. Census Bureau American FactFinder

<http://factfinder.census.gov/> (To: Fact sheet for town and state To: Fact sheet for a race, ethnic or ancestry group - white alone or in combination with one or more other races.)

### 3. Birth Rate (1998-2005)

Year	1998	1999	2000	2001	2002	2003	2004	2005
Helmetta Borough	26	33	44	28	28	26	28	30
Spotswood Borough	119	88	94	91	71	86	101	94

New Jersey Resident Births by Mother's Municipality of Residence – NJ Department of Health and Senior Services

## C. HOUSING

### 1. Total

	Permanent
Helmetta Borough	405 Units
Spotswood Borough	1,996 Units

U.S. Census Bureau American FactFinder

<http://factfinder.census.gov/> (To: Fact sheet for town and state To: Census 2000 Demographics Profile Highlights)

### 2. Growth (Building permits 2000-2006)

	2000	2001	2002	2003	2004	2005	2006
Helmetta	14	4	24	26	14	1	0
Spotswood	11	30	20	18	19	25	14

Residential Building Permits Authorized 2000-2007 - Middlesex County

U.S. Census Bureau, Manufacturing and Construction Division

<http://www.census.gov/indicator/www/ms/>

#### D. Net Valuation Taxable

	As of 10/01/2008
Helmetta Borough	\$249,543,139
Spotswood Borough	\$751,746,603

Middlesex County Board of Taxation-Abstract of Ratables 2008 [www.co.middlesex.nj.us](http://www.co.middlesex.nj.us)

### III. SCHOOL DISTRICTS

#### A. BOARD OF EDUCATION

Helmetta Borough is a Type II district with an elected board consisting of three (3) members elected for staggered three-year terms.

Spotswood Borough is a Type II district with an elected board consisting of five (5) members elected for staggered three-year terms. Spotswood also receives students 9-12 from Milltown Borough. Consistent with a long-standing agreement between the districts, on alternate years, Helmetta and Milltown have voting representatives on the Spotswood Board of Education. In the year the sending district does not have a voting representative, the representative still participates as a non-voting member. The voting year starts at the organization meeting. Milltown is the voting representative from April 2009 until April 2010.

#### Combined Board of Education

In accordance with A-4141, the new combined district would continue with an elected board consisting of five (5) members elected for staggered three year terms. For 2009-2010 and beyond, the members of the Spotswood Borough 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 Helmetta Borough to be added to the existing Spotswood Borough Board of Education, thereby increasing the membership of the board temporarily to six (6) members. Such 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 Spotswood Borough Board of Education is elected at-large.

#### B. ENROLLMENTS

The tables below present the Helmetta and Spotswood individual and combined resident enrollments by grade levels, for the five years 2005-06 through 2008-09.

##### 1: Enrollment – Helmetta Borough – 2008-09 ASSA, February 25, 2008

For Year	Total	K(Full)	1	2	3	4	5	6	MS-7-8	HS 9-12	Sp Ed
2005-06	272	18	19	17	15	21	18	13	26	80	45
2006-07	282	25	21	20	11	21	21	10	27	78	48
2007-08	285	25	25	22	20	9	21	20	23	68	52
2008-09	291	26	25	22	23	23	10	22	30	59	51

**2: Enrollment – Spotswood Borough – 2008-09 ASSA, February 25, 2008**

For Year	Total	K(Full)	1	2	3	4	5	6	MS-7-8	HS 9-12	Sp Ed
2005-06	1,156	89	82	77	64	85	77	74	150	312	146
2006-07	1,197	87	90	76	67	80	77	65	164	317	174
2007-08	1,218	88	79	91	78	69	84	78	157	317	177
2008-09	1,198	74	83	79	94	75	67	85	145	338	158

ASSA - Application for State School Aid

**C. FINANCIAL**

**1. Budget Information**

The following tables summarize the Helmetta and Spotswood Boroughs' actual financial results for 2006-07 and 2007-08, and budget data for 2008-09 and 2009-10.

<b>Helmetta Borough - Summarized</b>				
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>APPROPRIATIONS</b>				
General Fund	3,847,095	3,934,381	4,300,326	4,344,649
Special Revenues	53,324	43,057	43,057	43,057
Debt Service	-	-	-	-
Total	3,900,419	3,977,438	4,343,383	4,387,706
<b>REVENUE</b>				
Less: State Aid-Other	855,911	867,303	1,076,899	1,040,445
Less: State Aid Adjustment	-	-	-	-
Less: Other Revenues	59,398	79,412	154,000	112,000
Less: Federal: Debt	53,324	43,057	43,057	43,057
Total	968,633	989,772	1,273,956	1,195,502
<b>TAXES TO BE RAISED</b>	2,987,666	2,987,666	3,069,427	3,192,204
TAX as % of	76.60%	75.12%	70.67%	72.76%
Total Appropriations				

Local district budget statement via school year – Advertised Revenues

## Spotswood Borough

<b>Spotswood Borough - Summarized</b>				
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>APPROPRIATIONS</b>				
General Fund	19,955,483	22,098,672	23,446,161	24,183,185
Special Revenues	861,299	823,665	724,305	724,305
Debt Service	1,379,892	1,357,131	1,340,615	1,237,979
<b>Total</b>	<b>22,196,674</b>	<b>24,279,468</b>	<b>25,511,081</b>	<b>26,145,469</b>
<b>REVENUE</b>				
Less: State Aid-Other	4,110,583	4,303,115	5,186,244	5,516,598
Less: State Aid Adjustment	-	-	-	-
Less: Other Revenues	7,368,124	6,786,977	7,163,178	8,686,973
Less: Federal: Debt	970,633	938,912	933,439	724,305
<b>Total</b>	<b>12,449,340</b>	<b>12,029,004</b>	<b>13,282,861</b>	<b>14,927,876</b>
<b>TAXES TO BE RAISED</b>				
<b>TAX as % of</b>	<b>48.00%</b>	<b>46.22%</b>	<b>43.98%</b>	<b>42.91%</b>
<b>Total Appropriations</b>				

Local district budget statement via school year – Advertised Revenues

### Equalized Valuation

The tables below present the Helmetta and Spotswood Boroughs assessed and equalized valuations, true values ratios and year-over-year growth, for 2004 to 2008.

#### Assessed and Equalized Valuations

<b>Assessed and Equalized Valuations</b>					
	<b>Assessed</b>	<b>Equalized</b>	<b>Ratio</b>	<b>Year over Year</b>	
<b>Helmetta Borough</b>				<b>Assessed</b>	<b>Equalized</b>
2004	61,552,276	175,902,173	34.95%	n/a	n/a
2005	63,787,570	214,809,874	29.66%	3.63%	22.12%
2006	64,908,964	245,724,858	26.39%	1.76%	14.39%
2007	250,640,757	252,075,852	99.43%	286.14%	2.58%
2008	249,543,139	255,881,235	97.52%	-0.44%	1.51%

## Assessed and Equalized Valuations

Spotswood Borough					
2004	210,605,878	659,419,553	31.83%	n/a	n/a
2005	736,976,729	748,911,661	98.40%	249.93%	13.57%
2006	739,666,679	857,431,451	86.22%	0.36%	14.49%
2007	746,290,022	917,135,643	81.32%	0.90%	6.96%
2008	751,746,603	947,878,445	79.26%	0.73%	3.35%

Helmetta Borough had a reassessment in 2007 and Spotswood had a reassessment in 2005.  
<http://www.state.nj.us/treasury/taxation/1ptvalue.shtml>

Table of Equalized Valuations - Certified October 1, 2008 New Jersey Department of Treasury

### 3. Borrowing Margin/Capacity - June 30, 2008

Helmetta Non-operating School District - \$9,494,863

Spotswood Receiving School District - \$23,232,388

Helmetta Borough has no outstanding debt and Spotswood Borough has outstanding debt obligations of \$11,238,000 as of June 30, 2008. Spotswood's borrowing margin capacity of \$23,232,388 is net of its outstanding debt of \$11,238,000.

District Comprehensive Annual Financial Report – Exhibit J – Statistical Section

## D. TAXES

### 1. General Fund Tax Levy

	2009-10 Budget
<b>Helmetta Borough</b>	
Local Fair Share	2,588,838
Minimum Tax	2,588,838
Actual Tax Levy	3,192,204
<b>Spotswood Borough</b>	
Local Fair Share	8,899,865
Minimum Tax	8,899,865
Actual Tax Levy	10,062,554

District budget statements – SFRA Cales H

#### 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. 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.

	<b>2009-10 Actual Levy</b>	<b>Levy at 100% Equalized Valuations</b>	<b>Levy at 50% Eq Val, 50% Enrollment</b>	<b>Levy at 100% Enrollment</b>
Helmetta Borough	3,192,204	2,817,542	2,705,048	2,592,553
Spotswood Borough	10,062,554	10,437,216	10,549,710	10,662,205

As shown in the above chart, 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% Equalized Valuations would provide the closest allocation to the current allocation, it would still result in disruption. Therefore, for the first year I recommend that the tax levy remains the same as what was established for 2009-10 which is \$3,192,204 for Helmetta and \$10,062,554 for Spotswood.

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 valuation, pupil enrollment, or some combination thereof and that if necessary the Commissioner may direct a five year phase in of that method. I recommend a five year phase into the least disruptive allocation, which is 100% equalized valuations for Helmetta and Spotswood.

Using the 2009-10 tax levy for illustration, the annual phase-in would be:

	FY10	FY11	FY12	FY13	FY14	FY15
Helmetta	3,192,204	3,117,272	3,042,339	2,967,407	2,892,474	2,817,542
Spotswood	10,062,554	10,137,486	10,212,419	10,287,351	10,362,284	10,437,216
Total	13,254,758	13,254,758	13,254,758	13,254,758	13,254,758	13,254,758

This phase-in will be adjusted annually based on the final total levy of the new district calculated each year.

## **2. Debt Service Fund Tax Levy**

	<b>2009-10 Budget</b>
<b>Helmetta Borough</b>	
Total Debt	0
Total State Aid	
Debt Service Levy	0
Other Local Sources	0
<b>Spotswood Borough</b>	
Total Debt	11,238,000
Total State Aid	82,940
Debt Service Levy	1,237,979
Other Local Sources	0

## **2a. Debt Service Levy Allocation**

All existing debt of Spotswood will remain the responsibility of Spotswood. 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.

## **E. STATE AID**

	<b>2009-10 State Aid</b>
Helmetta Borough	1,040,445
Spotswood Borough	5,516,598

Under A-4141, state aid will still be calculated as separate districts based on the Spotswood Borough pupil and wealth characteristics. The resulting 2009-10 state aid amounts will then be combined and provided in total to the new single district for development of its combined budget. Spotswood state aid includes Special Education, Equalization, Security, Transportation and Debt Service. Helmetta state aid includes Special Education, Equalization, Security, Transportation and Helmetta's estimate for Extraordinary Aid. These aid amounts are in accordance with district budget statement.

## **IV. COST SAVINGS**

The following summarizes the costs savings that may result from the legislative requirement to eliminate the Helmetta non-operating district.

<b>A. General Fund Total (2009-2010):</b>	\$4,344,649
<b>B. Estimated Potential Cost Savings:</b>	\$ 51,687

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

## **DISTRICT SPECIFIC ISSUES/CONCERNS**

### **1. Building and/or Land Owned**

The Helmetta school building was reported by the school business administrator as being owned by Helmetta Borough. The original Helmetta school building was closed as an operating school in 1979. The facility currently serves as administrative offices for the Borough of Helmetta.

## **2. Deferred Taxes**

The Helmetta and Spotswood municipal governments have deferred property taxes collected on behalf of the Helmetta and Spotswood school districts. The municipal government should continue to collect taxes in such a manner that no disruption will result from this merger.

## **V. RECOMMENDATIONS TO THE COMMISSIONER**

Pursuant to N.J.A.C. 6A:23A-2.4, the Middlesex Executive County Superintendent recommends elimination of the Helmetta Borough School District as of July 1, 2009. The Helmetta Borough board has the option to maintain the school business administrator of the borough through September 30, 2009 to assist in the transition. The borough will pay the Business Administrator as appropriate. The 291 K-12 students of Helmetta Borough will continue to be educated in the Spotswood School District and beginning with 2009-10 will be counted as resident students in the Spotswood School District but for the purposes of calculating State school aid, both the Boroughs' will continue to be considered separate school districts.

Beginning in 2010-11, the general fund tax levy of the Helmetta Borough School District will be apportioned as the Spotswood School District, per the above allocation. Under Section III-A, in 2009-10 the ECS would appoint the 2008-09 Helmetta voting representative as a voting member from the Helmetta Borough to be added to the existing Spotswood Borough board. In 2010-11 and thereafter, the members of the Borough 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 five (5) member board will be elected by at-large there vote thereafter.

### **Additional Recommendations:**

1. The newly merged Spotswood School District will have the responsibility to liquidate all assets, secure public records, close the fiscal books, finalize board functions, and conduct the final audit of the Helmetta Borough non-operating school district. It is recommended that this process be completed in consultation with the previous business administrator of the Helmetta Borough School District.
2. It is recommended that all remaining cash balances after completion of the liquidation process go to the Helmetta Borough municipality.