



## 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. Danielle Press, Board President  
Victory Gardens School District  
337 South Salem Street  
Dover, NJ 07801

Dear Ms. Press:

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 Morris County Acting Executive County Superintendent to eliminate the non-operating Victory Gardens School District and to provide for the education of the children from Victory Gardens in the Dover School District.

I find that the Acting 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 Dover 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 Acting Executive County Superintendent will appoint a representative from Victory Gardens to serve as a voting member of the Dover Board of Education until the first Monday succeeding the first annual election in which a member of the Dover Board of Education is elected at-large.

The Acting 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 Acting Executive County Superintendent recommends that the levy be apportioned as 70.6% equalized valuation and 29.4% pupil enrollment. 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 Acting Executive County Superintendent regarding the liquidation of the remaining assets and the closing of the fiscal books of the Victory Gardens School District, and regarding the remaining issues set forth in the Acting Executive County Superintendent's plan. I conclude that this plan will effectuate

For all of the foregoing reasons, I approve the plan submitted by the Morris County Acting Executive County Superintendent for the merger of the Victory Gardens School District with the Dover School District, effective July 1, 2009. I direct the Morris County Acting 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: Acting Executive County Superintendent  
Executive County Business Administrator  
School Business Administrator, Victory Gardens School District  
School Business Administrator, Dover School District  
Board President, Dover School District  
Chief School Administrator, Dover School District

**MORRIS COUNTY**  
**REPORT ON NON-OPERATING SCHOOL DISTRICT**  
**VICTORY GARDENS BOROUGH**

**Submitted by:**

**Kathleen C. Serafino, Ph.D.**  
**Acting 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.

Morris County has one non-operating school district, Victory Gardens Borough. In compliance with law and code, the Executive County Superintendent submits this plan to create a district that joins Victory Gardens with the Dover Township School District into a single district to serve the students of both communities. Both districts are presently academically assimilated, leaving fiscal and governance as the two remaining issues to complete their full assimilation. More importantly, the plan to merge the districts gives Victory Garden students the benefit of truly being a part of the newly merged district.

## **II. COMMUNITIES**

The following tables highlight demographic characteristics of Victory Gardens and Dover, including their disproportionate sizes.

### **A. DESCRIPTION**

#### **Victory Gardens**

Victory Gardens is a borough in Morris County, with a population of approximately 1,550. It has a total area of .2 square miles. The municipal government consists of a mayor and six borough council members.

## Dover Township

Dover Town is in Morris County, New Jersey. The town's population is approximately 18,200. It has a total area of 2.7 square miles. Dover Town is governed by a mayor and eight aldermen.

### B. POPULATION

#### 1. Total Population

	Year 2000	Year 2007
Victory Gardens	1,546	1,499
Dover Township	18,188	17,997

Sources: 2000 US Census at <http://factfinder.census.gov>; 2007: NJ Department of Labor at [http://lwd.dol.state.nj.us/labor/lpa/dmograph/est/est\\_index.html#mun](http://lwd.dol.state.nj.us/labor/lpa/dmograph/est/est_index.html#mun)

#### 2. Ages (Ranges)

Age Range	Under 5	5 to 14	15 to 19	20 and over	Total
Victory Gardens	349	208	608	381	1,546
Dover Township	1,278	2301	1,142	13,467	18,188

Source: 2000 US Census at <http://factfinder.census.gov>

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

Year	1998	1999	2000	2001	2002	2003	2004	2005
Victory Gardens	15	24	20	24	22	21	26	25
Dover Town	292	333	311	329	326	328	322	309

Source: NJ Department of Health at <http://www.nj.gov/health/chs/dataindex.htm#births>

### C. HOUSING

#### 1. Total – 2000 Census

	Permanent
Victory Gardens	588 Units
Dover Town	5,436 Units

Source: 2000 US Census at <http://factfinder.census.gov>

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

	2000	2001	2002	2003	2004	2005	2006
Victory Gardens	0	0	0	0	0	0	0
Dover Town	17	17	6	15	11	10	1

Source: NJ Department of Labor

[http://lwd.dol.state.nj.us/labor/lpa/industry/bp/bv2000\\_index.html](http://lwd.dol.state.nj.us/labor/lpa/industry/bp/bv2000_index.html)

## D. RATABLES

	As of 10/01/2008
Victory Gardens	\$ 97.7 million
Dover Town	\$ 684.3 million

Source: NJ Division of Taxation "Table of Equalized Valuations" at

<http://www.state.nj.us/treasury/taxation/lpt/lptvalue.shtml>

## III. SCHOOL DISTRICTS

### A. BOARD OF EDUCATION

Both the Dover Township School District and the Victory Gardens School District are type II districts. Dover Township has an elected board consisting of nine (9) members elected for staggered three-year terms and also has a seat allocated for a representative from the Mine Hill sending district. Victory Gardens has an elected board of five (5) members, elected for staggered three-year terms.

#### 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. An appointee from Mine Hill will continue as permitted under the sending-receiving statutes. The members of the Dover 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 Victory Gardens to be added to the existing Dover board, thereby increasing the membership of the board temporarily to ten (10) 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 new district is elected at-large. Mine Hill will continue to have an appointed member as permitted under the sending-receiving statutes.

## B. ENROLLMENTS

The tables below present Victory Gardens' and Dover's resident enrollments by grade levels, for the six years 2005-06 through 2009-10 (based on student counts as of October 15 of the previous year). After showing initial increases, Victory Gardens has shown a decline in enrollment in recent years, while Dover Township is showing increases in recent years. The changes appear to be due to changing demographics in Dover Township.

### 1. Victory Gardens

For Year	Total	K	1	2	3	4	5	6	7-8	9-12	Sp. Ed
2005-06	246	21	13	19	19	18	15	20	38	45	38
2006-07	257	27	23	16	20	16	14	16	44	51	30
2007-08	258	19	23	17	15	16	11	20	38	62	37
2008-09	251	22	31	23	15	14	18	8	33	57	30
2009-10	229	21	19	22	22	15	13	14	20	64	19

### 2. Dover Township

For Year	Total	K	1	2	3	4	5	6	7-8	9-12	Sp. Ed
2005-06	2,506	195	185	168	197	181	182	155	350	648	245
2006-07	2,505	215	187	174	155	186	172	164	346	663	243
2007-08	2,444	235	205	157	173	149	174	167	319	623	242
2008-09	2,469	209	222	195	157	165	147	172	356	602	244
2009-10	2,491	227	200	203	183	149	165	142	359	605	258

*Source: "Application for School State Aid" (ASSA) submitted for each applicable year shown*

## C. FINANCIAL

### 1. Budget Information

The following tables summarize Victory Gardens' and Dover Township's actual financial results for 2007-08 and budget data for 2008-09 and 2009-10. An assessment of Victory Gardens' financials indicates that despite consistently increasing its budget, it has managed to reduce its tax levy as a proportion of its appropriations (from 29.0% to 18.1%) over the past three years. This is partially attributable to an increase in revenues due to an approximate 25% increase in state aid, an increase in budgeted surplus, and a decrease of five students in out-of district special education placements over this three year period. Over the same period, Dover Township has reduced its tax burden from 34% of total appropriations to around 30% budgeted for 2009-10, partially attributable to a \$6.6 million

increase in total state aid over this period (from \$14.7 million in 2007-08 to \$21.2 million in 2009-10).

**Victory Gardens- Summarized**

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>Appropriations</b>			
General Fund	2,786,670	3,618,659	4,526,892
Special Revenues	54,953	0	0
Debt Service	0	0	0
<b>Total</b>	<b>2,841,623</b>	<b>3,618,659</b>	<b>4,526,892</b>
<b>Revenues</b>			
Less: State Aid-Other	2,162,294	2,593,047	2,722,699
Less: State Aid Adjustment	4,568	0	0
Less: Other Revenues	48,831	202,610	981,191
Less: Federal; Special; Debt	50,385	0	0
Reserve for Encumbrance	-251,109	0	0
<b>Total</b>	<b>2,014,969</b>	<b>2,795,657</b>	<b>3,703,890</b>
<b>Taxes to be Raised</b>	<b>826,654</b>	<b>823,002</b>	<b>823,002</b>
<b>Tax as % of Total Approps</b>	<b>29.0%</b>	<b>22.7%</b>	<b>18.1%</b>

**Dover - Summarized**

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>Appropriations</b>			
General Fund	30,419,813	39,866,197	38,530,132
Special Revenues	4,916,775	2,918,618	2,929,050
Debt Service	1,594,586	1,591,595	1,432,360
<b>Total</b>	<b>36,931,174</b>	<b>44,376,410</b>	<b>42,891,542</b>
<b>Revenues</b>			
Less: State Aid-Other	14,690,022	20,292,155	21,241,482
Less: State Aid Adjustment	0	0	0
Less: Other Revenues	4,315,725	7,687,564	5,402,172
Less: Federal; Special; Debt	4,916,775	2,918,618	2,929,050
<b>Total</b>	<b>23,922,522</b>	<b>30,898,337</b>	<b>29,572,704</b>
<b>Taxes to be Raised</b>			

	2007-2008	2008-2009	2009-2010
	Actual	Budget	Budget
General Fund	11,414,066	11,886,478	11,886,478
Revenues from State	335,687	336,257	270,587
Debt Service	1,258,899	1,255,338	1,161,773
Total Tax Levy	12,672,965	13,141,816	13,048,251
<b>Tax as % of Total Approps</b>	34.3%	29.6%	30.4%

Sources: "School District Budget Statement" submitted by each district, with comparatives for 2007-08 and 2008-09. Figure for 08-09 includes extraordinary aid in the amount of \$62,172 for the Dover School District

## 2. Ratables

The tables below present Victory Gardens' and Dover's assessed and equalized valuations and true ratios for 2004 to 2008 certified as October 1, 2008. Apart from the large increase in Victory Gardens' assessments in 2006 from a reevaluation conducted, neither community has seen any significant change in their assessed values for the above period.

	Assessed	Equalized	Ratio
<b>Victory Gardens</b>			
2004	39,791,177	102,663,688	38.73%
2005	39,775,297	98,340,318	40.47%
2006	97,746,861	99,073,534	98.66%
2007	97,474,423	99,838,959	97.63%
2008	97,662,398	97,496,813	100.17%
<b>Dover Town</b>			
2004	685,724,255	1,192,184,259	57.37%
2005	686,483,971	1,338,109,967	51.17%
2006	684,283,990	1,568,401,820	43.52%
2007	685,128,983	1,687,809,761	40.50%
2008	684,265,660	1,620,589,953	42.12%

Source: NJ Division of Taxation "Table of Equalized Valuations" at <http://www.state.nj.us/treasury/taxation/lpt/lptvalue.shtml>

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

Victory Gardens Available Borrowing Capacity: \$2,969,859

Dover Township Available Borrowing Capacity: \$32,985,480

Sources: *Comprehensive Annual Financial Report (CAFR), Y/E 6/30/2008*

Victory Gardens has no outstanding debt and Dover Township has \$10.8 million of outstanding bonded-debt. The capacity above is net of Dover's outstanding debt. The combined district would appear to have sufficient borrowing capacity.

## D. TAXES

### 1. General Fund Tax Levy

	2009-10 Budget
<b>Victory Gardens District (Non-Op)</b>	
Local Fair Share	\$ 823,002
Minimum Tax	\$ 823,002
Actual Tax Levy	\$ 823,002
<b>Dover District (receiving)</b>	<b>2009-10 Budget</b>
Local Fair Share	\$ 13,565,071
Minimum Tax	\$ 11,886,478
Actual Tax Levy	\$ 11,886,478

Source: Local Fair Share: "2009-10 State Aid Profile," NJ Department of Education Minimum Tax & Actual Tax Levy: 2009-10 Budget Statement

### 1a. Combined General Fund Tax Levy

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 of thereof. The impact of each method is illustrated below using the districts' 2009-10 actual tax levies.

	2009-10 Actual Levy	Levy at 100% Equalized Valuations	Levy at 50% EqVal, 50% Enrollment	Levy at 100% Enrollment
Victory Gardens	823,002	721,229	894,254	1,067,279
Dover Township	11,886,478	11,988,251	11,815,226	11,642,201

As shown above, none of the standard allocation methods would result in the same tax levy allocation as in 2009-10. However, a combination of 70.6% equalized valuations and 29.4% pupil enrollment result in the same tax levy allocation as in 2009-10 and would be the least disruptive for each community. Therefore, for the first year (09-10) I recommend that Victory Gardens raise the same amount included in the 09-10 budget of \$823,002 and Dover Township raise \$11,886,478.

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 70.6% equalized valuations and 29.4% pupil enrollment, 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**

	<b>2009-10 Budget</b>
<b>Victory Gardens District (nonop)</b>	
Total Debt and Total State Aid	<b>0</b>
Debt Service Levy	<b>0</b>
Other Local Sources	<b>0</b>
<b>Dover District (receiving)</b>	
Total Debt	<b>1,432,360</b>
Total State Aid	<b>269,772</b>
Debt Service Levy	<b>1,161,773</b>
Other Local Sources	<b>815</b>

*Sources: Comprehensive Annual Financial Report (CAFR), Y/E/ 6/30/2008; "School District Budget Statement" submitted by each district, with comparatives for 2007-08*

**a. 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 Dover Township remain the responsibility of Dover Township. 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 that I recommend above.

**E. STATE AID**

	<b>2009-10 State Aid</b>
Victory Gardens District (nonop)	2,722,699
Dover District (receiving)	21,241,482

*Source: Projected 2009-10 State School Aid Summary, per Department of Education*

Under A4141, state aid will still be calculated based on the Victory Garden’s and Dover Township’s respective pupil and wealth characteristics. The resulting aid amounts will then be combined and provided in total to the new single district for the development of its combined budget.

**IV. COST SAVINGS**

The following summarizes the possible costs savings, exclusive of any final closing costs to be paid from remaining surplus balances, that may result from the Legislative requirement to eliminate the Victory Gardens as a non-operating school district.

<b>A.</b>	Total 2009-10 Budget (General Fund & Preschool Expansion)	\$4,526,892
<b>B.</b>	Estimated Potential Savings	\$179,207

The following summarizes the possible cost savings that may result:

1. Attendance and Health	\$ 10,345
2. Administration	84,484
3. Rent	79,000
4. Employee Benefits	5,378
Total	\$179,207

**V. DISTRICT SPECIFIC ISSUES/CONCERNS**

**A. Nonpublic Transportation**

The Dover School District does not provide transportation to its students and, therefore its non-public students are not presently transported. However, in the event the districts are merged, Dover was concerned that it would be required

to provide the transportation at an estimated cost of approximately \$200,000. This concern is eliminated by the specific provisions of A-4141, Section 6 (“In the event that nonpublic schools students who reside in a municipality that comprises the new district were not eligible for pupil transportation services pursuant to N.J.S18A:39-1 prior to [this Act], then any nonpublic school student in that municipality shall be ineligible for pupil transportation services following the merger”).

## **VI. RECOMMENDATIONS TO THE COMMISSIONER**

Pursuant to N.J.A.C. 6A:23A-2.4, the Executive County Superintendent recommends elimination of Victory Gardens School District as of July 1, 2009. The Dover Township Board has the option to maintain the board secretary/school business administrator of Victory Gardens through August 31, 2009 to assist in the transition. The students of Victory Gardens will continue to be educated at Dover School District, and beginning with the 2009-10 will be counted as resident students in Dover School District, but for the purposes of calculating State school aid, both Victory Gardens and Dover will continue to be considered separate school districts. The general fund tax levy of the single Dover Township School District will be apportioned to each community, per the above allocation discussed in Section III-D.

In accordance with A-4141, the new combined district will continue with an elected board consisting of nine members elected for staggered three year terms. Within 30 days of the merger of the districts, the ECS will appoint a voting member from Victory Gardens to be added to the existing Dover Town Board to serve until the first Monday succeeding the first annual election in which a member of the Dover board of education is elected at large. The members of the Dover Town 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 at-large by the voters of the new district. Mine Hill will continue to have an appointed member as permitted under the sending-receiving statutes.

In accordance with A-4141, Dover Town will have the responsibility to liquidate all remaining assets and close the fiscal books of Victory Gardens' District, including arranging for the final audit. The costs of the final audit shall be payable from the Victory Gardens' accounts prior to the liquidation of the assets. All remaining cash and fund balances on completion of this liquidation process shall be paid to Victory Gardens' municipal government and any indebtedness shall be the responsibility of that municipal government. All books, documents, and records of Victory Gardens shall be turned over to the board of education of the merged district.