

IN THE MATTER OF THE SPECIAL :
ELECTION OF THE BOARD OF : COMMISSIONER OF EDUCATION
EDUCATION OF THE TOWNSHIP : DECISION
OF UPPER PITTSBORO, SALEM :
COUNTY. :
_____:

SYNOPSIS

Following special election wherein proposition for supplemental tax was defeated, the Board sought Commissioner's order for a total supplemental tax of \$103,000 for the purpose of eliminating current expense and capital projects deficits incurred for the tax years 1996-97 and 1997-98.

The Board having developed a Corrective Action Plan and having attested that without the approval of the additional tax monies, it would be unable to provide T & E for its students, the Commissioner authorized the supplemental tax and ordered the County Board of Taxation to make the necessary adjustments in the 1996-97 and 1997-98 General Fund tax levies to certify a total supplemental tax of \$103,000. Commissioner further ordered that any undesignated surplus as of June 30, 1998, as reported in the annual audit for the 1997-98 budget year, in excess of three percent of the 1998-99 General Fund budget, shall be reserved as excess surplus to be appropriated in the 1999-2000 budget for purposes of tax relief.

MAY 11, 1998

AGENCY DKT. NO. 40-2/98

IN THE MATTER OF THE SPECIAL :
ELECTION OF THE BOARD OF : COMMISSIONER OF EDUCATION
EDUCATION OF THE TOWNSHIP : DECISION
OF UPPER PITTSBORO, SALEM :
COUNTY. :
_____:

For the Board, Gary D. Wodlinger, Esq. (Lipman, Antonelli, Batt, Dunlap,
Wodlinger & Gilson)

This matter having been opened before the Commissioner of Education on February 17, 1998 through the filing of a Petition of Appeal by the Board of Education requesting that the Commissioner order a supplemental tax in the amount of \$78,000 for the tax year 1997-98, and \$25,000 for the tax year 1996-97, for a total supplemental tax of \$103,000 to be certified to the Salem County Board of Taxation for the purpose of eliminating current expense and capital projects deficits incurred for those respective tax years; and

The Department of Education having been informed by letter dated March 26, 1998 that the Township of Upper Pittsgrove would submit no Answer in this matter, and the Board having filed, on April 29, 1998, the supporting papers requested by the Commissioner; and

The Board of Education having averred that it discovered a former business administrator fraudulently converted to himself a sum of \$129,896.80 and submitted a false

budget to the New Jersey State Department of Education so as to obscure the fact that the Board would have been operating in a deficit, in violation of law; and

The Board having contacted the appropriate State and Federal authorities and having instituted legal action in Superior Court seeking to recover the amount converted; and

The Board having learned by audit completed in September of 1997 that its deficit was \$310,763, with a capital projects deficit of \$24,991; and

The Board, in conjunction with the Salem County Superintendent's Office and in consultation with Township representatives, having developed a Corrective Action Plan in accordance with *N.J.A.C. 6:20-2A.10*; and

The Corrective Action Plan having been approved by the Salem County Superintendent's Office and the New Jersey State Department of Education, Division of Finance; and

The Corrective Action Plan having anticipated a Special Election on February 3, 1998 seeking a supplemental tax in the sum of \$78,000 for tax year 1997-98 and \$25,000 for tax year 1996-97 for a total supplemental tax of \$103,000; and

The Special Election having been conducted on February 3, 1998; and

The proposition having been defeated; and

The Board having attested that, without the approval of the additional tax monies, it will be unable to provide a thorough and efficient system of education for its students, as required by law; and

The Corrective Action Plan having ensured that significant cuts were made in the operation expenses of the school district, and extracurricular activities having been eliminated in their entirety; and

The Board having attested that, if the requested monies are not restored, its only recourse is to further reduce staff who are independently operating such programs as, *inter alia*, Technology Education, Guidance, Art, Music, Physical Education/Health and Library services; and

The Board having averred that, with the entire amount restored, it will end the year with a prudent level of surplus, but further noting that if no funds are restored, it anticipates a deficit of between \$60,000 and \$80,000 and will be unable to make a transfer to cover the capital projects deficit; and

The Township of Upper Pittsgrove, by its cooperation with the Corrective Action Plan and its decision not to contest the within matter, having demonstrated an understanding of the critical situation faced by the Board; and

In accordance with the Commissioner's power to authorize a supplemental tax, see *In the Matter of the Special Election of the Board of Education of Stafford*, 95 N.J.A.R. 2d (EDU) 373; now, therefore,

IT IS ORDERED on this _____ day of May 1998 that the Salem County Board of Taxation make the necessary adjustments in the 1996-97 and 1997-98 General Fund tax levies in order to certify a supplemental amount of \$78,000 for deficit elimination purposes for the 1997-98 tax year, and a supplemental amount of \$25,000 for deficient elimination purposes for the 1996-97 tax year, for a total supplemental tax of \$103,000.

IT IS FURTHER ORDERED that any undesignated unreserved surplus as of June 30, 1998, as reported in the annual audit for the 1997-98 budget year, in excess of three

percent of the 1998-99 General Fund budget, shall be reserved as excess surplus to be appropriated in the 1999-2000 budget for purposes of tax relief.*

COMMISSIONER OF EDUCATION

MAY 11, 1998

* This decision, as the Commissioner's final determination in the instant matter, may be appealed to the State Board of Education pursuant to *N.J.S.A. 18A:6-27 et seq.* and *N.J.A.C. 6:2-1.1 et seq.*, within 30 days of its filing. Commissioner decisions are deemed filed three days after the date of mailing to the parties.