

DUNELLEN PUBLIC SCHOOLS

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December 4, 2019

Dear Community Members:

There seems to be confusion about the effect the Facilities Enhancement Project will have on the school property tax levy. Let me try to clear things up.

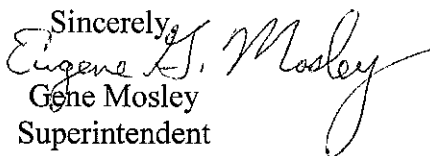
When the current school year (2019 - 2020) budget was developed, the Board of Education appropriated \$2.5 million dollars from that budget as a deposit into our Capital Reserve. The Board of Education spent a portion of these funds on construction projects and the balance was retained by the Capital Reserve for the Facilities Enhancement Project.

For the next school year's budget (2020-2021) and for the following 9 budgets, the Board of Education will continue to fund an annual deposit into the Capital Reserve for the same \$2.5 million dollars. These deposits, in conjunction with the \$15.2 million in Debt Service Aid from the State of New Jersey will be utilized to pay the principal and interest on the construction bond.

There is no impact on the school property tax levy due to the fact that the current year Capital Reserve Deposit was generated as a direct result of our increased State Funding and, since the Funding Formula calls for Dunellen to continue to receive this State Aid, there was no impact on the Property tax Levy in 2019-2020 and there will be no impact in future budgets.

The State of New Jersey has set a 2% cap on our annual operating budget which limits the amount the school property taxes can increase. We will continue to operate within those statutory parameters. Slight tax increases have occurred yearly since Governor Christie instituted the cap in 2010. Such slight increases will continue to occur in communities across the state in order to cover the inevitable increases in salaries, medical benefits, supplies and materials from year to year.

But there will be NO TAX INCREASE as a result of the construction bond being voted on December 10.

Sincerely,

Gene Mosley
Superintendent