

BUDGET GUIDELINES

FISCAL YEAR 2013-2014



NEW JERSEY DEPARTMENT OF EDUCATION

OFFICE OF SCHOOL FINANCE

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SECTION I

A. CHANGES FOR 2013-14

Web-Based Budget Software:

- A new software program has been written to enable the collection of the district budget information utilizing the internet.
- Some of the support documents have been combined, moved to other data entry screens or eliminated. See below for listing of line changes.
- Submission to the county office will not require a budget printout but instead will be an electronic submission.
- Line item has been updated to reflect new line numbers in all accounts and sequential numbering.

Budget Software Changes:

1) **Line Item:**

- a. New lines have been added to break out tuition to specific lines and to align with the audsum collection and for the following:
 - i. Revenue lines
 - 140 Tuition from Individuals
 - 150 Tuition from Other LEAs Withing the State
 - 160 Tuition from Other LEAs Outside the State
 - 170 Tuition from Other Sources
 - 180 Tuition from Summer School
 - 185 Tuition (only for FY 13 Budget)
 - 260 Rents and Royalties
 - 270 Private Contributions
 - 280 Sale of property
 - 290 Textbook Sales and Rentals
 - 700 Other Financing Sources
 - 735 Interest on Investments
 - 740 Other Revenue from Local Sources
 - 836 Transfers from Operating Budget - Preschool Inclusion
 - 865 Interest on Investments
 - ii. Appropriation lines
 - 45030 Salaries of Fiscal Monitors

2) **SFRA Calculation Reports:** The Banked Cap report has been revised to include the third year calculation for 2013-14. A district may request to use banked cap from 2011-12 and 2012-13 to increase the 2% general fund tax levy cap in 2013-14. The earliest year must be used first.

3) **Items which were under supporting documentation in the prior year and have been moved to the budget tab this year are:**

- a. Preschool Education Aid (SD15)
- b. Capital Projects and Reserve (SD4 and SD19)

- c. Appropriation of Excess Surplus (SD9)
- d. SEMI (SD18)

4) Items which have been combined are:

- a. SD 1a (Statement of priorities) and SD 2(CCCS) into a single support doc titled "Statement of Priorities and CCCS".
- b. SD1b (explanation of over adequacy) has been combined into the SFRA report for district status above/below local levy.

5) The following Supporting Documentation Items have been eliminated:

- a. **SD3 (FTE)** - PCR submission is still required.
- b. **SD6 (tuition revenue and appropriation details)** - A worksheet for calculation of the tuition amounts has been posted to the department website with the budget documents.
- c. **SD7 (explanation of appropriation increase/decrease over 4%)** - The appropriations screen now contains increase/decrease columns and a description column for changes.
- d. **SD8 (details of other revenues)** - The revenue screen now contains a description column for details of the other revenues.
- e. **SD12 (capital reserve details)** - The information has been incorporated into recap of balances.

Banked Cap:

Effective beginning in 2011-12, N.J.S.A. 18A:7F-39 was amended in 2010 to allow a school district that has not been granted approval to exceed the tax levy cap by a separate proposal to "bank" the unused tax levy for use in any one of the next three succeeding budget years. Fiscal year 2011-12 was the first year in which banked cap could be generated, to be utilized in 2012-13 through 2014-15. The report showing calculated banked cap amounts and requests for use has been updated in the 2013-14 budget software to incorporate another year of banking.

School Bus Advertising Fees:

N.J.S.A. 18A-39-31 requires that 50 percent of school bus advertising revenue be used to offset the fuel costs of providing pupil transportation services. If a district receives such revenue and is unable to utilize the offset, they must reserve the revenue for use in the subsequent year. Districts that set up a reserve for school bus advertising at June 30, 2012 may use the reserve as an adjustment to fund balance for purpose of calculating the estimated excess surplus. A new line (A3) has been added in the Additional Excess Surplus calculation of the budget software for this purpose.

November Election:

The A4F has been revised to include a 7th column for the amount of a separate proposal approved in a district's November election.

Other Information:

- New Jersey Administrative Code Update:
References to N.J.A.C. 6A:23A of the New Jersey Administrative Code are current as of the publication date of these guidelines. Any subsequent revisions to the Administrative Code are not reflected in these guidelines.

- Chapter 78 – Health Benefits:
Districts are reminded that P.L. 2011, c.78 was enacted June 28, 2011 and requires employee withholding according to the act.

- Affordable Care Act (ACA):
ACA will require every employer with 50 or more employees who work 30 hours or more to provide an “Essential Health Benefit” package to these employees if they are not already doing so. The requirements go into effect on January 1, 2014. Penalties are assessed on those employers who fail to do so. This requirement “may” impact your budget preparation for 2013-14. The federal Health and Human Services Department (HHS) is responsible for implementing the new law.

B. INTRODUCTION

1. PURPOSE OF THIS MANUAL

This manual was prepared for use by all school districts - regular, county vocational, county special services, educational service commissions and non-operating districts. Instructions for all district types are incorporated into these budget guidelines. All districts are encouraged to read this document thoroughly, along with the EDC Manual, to ensure that they enter their budget information completely and correctly.

Section I of this manual, the budget preparation guidelines, describes the reporting requirements, responsibilities, and procedures for budgeting. The guidelines are primarily for the use of local school districts and county offices.

- Part A presents the changes for 2013-14.
- Part B presents the purpose of the manual and the schedule for submitting budget documents.
- Part C describes the major responsibilities of boards of education and the executive county superintendent regarding budget preparation, submission, and review.
- Part D presents budget submission procedures and includes important information regarding completing the School District Budget Statement

Section II includes samples of the worksheets and reports used by districts for ballot questions and statements of purpose.

Section III contains procedures to be followed in the event of a voter defeat or board of school estimate reductions to the proposed budget.

Appendices are explanatory notes and are in separate files

- Appendix A shows the advertised per pupil cost calculations.
- Appendix B contains explanatory notes for the edit messages.
- Appendix C lists the minimum chart of account descriptions for expenditures by program/function.

Highlighted paragraphs and sentences correspond to key changes or expanded information in the 2013-14 guidelines. Minor changes to dates and other sentences are not highlighted. District personnel who work with the budget are encouraged to read the entire guidelines for the most comprehensive understanding.

2. SCHEDULE FOR SUBMISSION OF BUDGET FORMS

Districts will no longer submit a paper version of the School District Budget Statement to the county office. Instead the budget submission will be electronic, and the district will submit a copy of the district's position control roster and any other supporting information required for the county office review, such as additional supporting information for SEMI alternate revenue projections, and additional supporting information for districts requesting automatic cap adjustments, if applicable. The budget statement certification must be completed in the budget software, on the County Review and Approval tab, within two days after the public hearing.

It should be noted that there may be as many as four budget submissions to the county office, depending on the need for revisions. These submissions are as follows:

- (1) Preliminary/Initial submission
- (2) Following changes at public hearing and prior to submission for the ballot (regular type II districts)
- (3) For districts with an April election, as of the certification of taxes by a municipal governing body, where settlement has been reached following a budget defeat or upon reductions made by the board of school estimate in the adoption and certification of regular type I, county vocational, and county special services school districts.
- (4) For districts with a November election, after a separate proposal is passed by the voters.

The procedures related to submission of the final budget data differ based on the outcome of the election. Section III should be referenced for the procedures to be followed in the event of a voter defeat of or board of school estimate reductions to the proposed budget.

3. PUBLIC NOTICE AND INSPECTION

Once a district submits their budget application to the executive county superintendent for approval, or by the statutory due date if that date is earlier, the district must make available for public inspection all budget and supporting

documentation contained in the budget application and all other documents listed in N.J.A.C. 6A:23A-8.2.

Any district which proposes a base budget that contains general fund tax levy and equalization aid in excess of its expected local levy must also do the following:

1. Include the full text of the statement required by N.J.S.A. 18A:7F-5(d)(10) in the advertised section of the budget pursuant to N.J.S.A. 18A:22-8 and N.J.S.A. 18A:22-11 and in the legal notice of public hearing, posting at the public hearing and on the sample ballot as follows:

Your school district has proposed programs and services in addition to the Core Curriculum Content Standards adopted by the State Board of Education. Information on this budget and the programs and services it provides is available from your local school district.

Note: This additional statement is not required on the actual ballot.

2. Prepare a narrative statement based on the thoroughness and efficiency standards which describes in specific detail the reasons and the extent to which the district's proposed budget contains spending which exceeds its expected local levy (that is, the maximum amount needed to deliver curriculum and instruction which will enable all students to achieve the Core Curriculum Content Standards). That statement must be included with the budget application and other materials for public inspection. The SFRA report entitled "Report of District Status Above or Below Expected Local Levy" should be used to complete this narrative statement describing the programs and services in excess of the expected local levy. Only districts whose proposed general fund tax levy and equalization aid exceeds the expected local levy are required to complete this statement.

Pursuant to N.J.A.C. 6A:23A-8.1(c), the budget as adopted for the school year shall be provided for public inspection on the district's internet site, if one exists, and made available in print in a "user-friendly" summary format within 48 hours after the public hearing on the budget.

C. RESPONSIBILITIES

1. DISTRICT RESPONSIBILITIES

Electronic Data Collection (EDC) of the 2013-14 Annual School District Budget Statement for all interim steps throughout the approval process is **mandatory for all districts**, regardless of hardware and software capabilities. The web-based budget program will generate reports meeting the prescribed budget format depending upon the type of budget required for the district (regular, vocational, or special services). It will also generate the supporting documentation items, projected enrollment, estimated tuition rates, tax levy certification, and the tax levy cap adjustment materials.

The county office will not accept the district budget statement for review and approval if it has not been generated by the budget program. Districts should refer to the publication Electronic Data Collection Manual 2013-14 Budget Statement for instructions regarding use of the budget program. As in past years, educational services commissions will continue to complete a regular school district budget.

- a. The board of education is responsible for ensuring that the School District Budget Statement is prepared and submitted to the executive county superintendent using the prescribed budget program by the deadline established in the election calendar. A duly approved board resolution certifying the general fund amount must be included with the initial budget submission and any additional supporting documentation as required under the review process.

Type I school districts must submit those items included in the “defeated budget package” to the board of school estimate. A list of those items is contained in Section III of this manual.

- b. **For regular school districts, the board of education will advertise the budget only after it has been approved by the executive county superintendent, unless prior Commissioner approval has been granted (N.J.A.C. 6A:23A-9.1(b)).** The following are required to be included in the advertisement: the advertised enrollments, the advertised revenues, the advertised appropriations, the advertised recapitulation of balances, the advertised per pupil cost calculations, capital outlay projects summary, and any request (“Statement of Purpose”) for withdrawal, or designated deposit, of capital reserve for excess costs or other capital projects, if applicable and for withdrawal of capital reserve to augment a referendum. The budget program does not produce the required advertised “statement of purpose” for capital reserve withdrawal or designated deposits for excess costs or other capital projects, or withdrawals to augment a referendum, instead see the Miscellaneous Sample Reports in Section II of this document for a sample.

NOTE: For the 2013-14 budget, Commissioner approval has been granted to advertise the budget before county office approval. County office approval must be completed before the public hearing.

- c. For county vocational and special services school districts, the board of school estimate may not adopt and certify the budget prior to its approval by the executive county superintendent.
- d. After adoption of the budget following the public hearing for regular districts or the approval by the board of school estimate for county vocational or special services school districts, the board of education will notify the executive county superintendent of the budget adoption.

For any district, the user friendly budget must be posted on the district website, if one exists, within 48 hours after the public hearing (N.J.A.C. 6A:23A-8.1(c)). This posting must be updated after the election to reflect the final budget, and remain on the district website for the entire year until the next budget cycle.

If the adopted budget remains unchanged, the district will execute Statement A of the Budget Statement Certification, on the County Review and Approval tab of the budget software. If the adopted budget is revised, the district will execute Statement B of the Budget Statement Certification with an explanation of the difference(s) to the executive county superintendent. Once the software is reopened for them make the appropriate changes to the budget data to reflect these revisions of the board of education the district will then again certify the budget for approval prior to the election, if necessary. The budget program produces statements A and B in the County Review and Approval screen.

- e. If the board of education is presenting a separate proposal(s) to the voters or the Board of School Estimate, an additional certification must be submitted. The district will execute Statement A of the Budget Statement Certification-Separate Proposal if the separate proposal was adopted as approved after the public hearing. Statement B is executed if after the public hearing: the separate proposal is revised; a separate proposal is initially developed and adopted; or the separate proposal is withdrawn from consideration. The budget program does not produce the Statements, instead see the Miscellaneous Sample Reports in Section II of this document for a sample. If after the public hearing, the separate proposal is revised or initially adopted, two copies of the adopted question shall be (re)submitted to the county office.
- f. The budget program does not produce a sample ballot question. Instead, sample wordings are provided in the Miscellaneous Sample Reports in Section II of this document. Under N.J.S.A. 18A:7F-5, if the board of education is proposing a budget which exceeds the expected local levy, an additional statement is required to be published in the legal notice of public hearing and on the sample ballot. **The additional statement is not required on the actual ballot.**
- g. The calculation for determination of whether the additional statement is required for a district's proposed budget is provided by the budget software program in the SFRA report entitled "Report of District Status Above or Below Expected Local Levy". Samples of the calculation are provided in the EDC Manual under the SFRA Calculations "Report of District Status".
- h. The board of education shall comply with all provisions of the administrative code and statutes relating to public inspection, hearings, advertisement, and elections.
- i. The board of education of Type II school districts shall notify the county office of the result of the school election by 9:00 a.m. on the day following the election.
- j. The board of education must be prepared to discuss the general fund free balance status with the executive county superintendent. Must also fully document any balances reserved for specific purposes; balances reserved for specific purposes require a resolution of the board of education.
- k. The board of education must be prepared to discuss the entire general fund budget to show that all increases are reasonable.

- l. The board of education must be prepared to discuss any proposed separate proposals to show all proposals are not required for T&E and do not include any existing programs and services unless approval is granted pursuant to N.J.S.A. 18A:7F-5(d)(9). The board must also submit written documentation and certify that efforts were made to enter into shared service arrangements with other districts or governmental units and if the district has not entered into those potential arrangements that such arrangements would result in additional expenditures for the district.
- m. The board of education must notify the executive county superintendent whenever the responsibility and associated cost of a school district activity is transferred to another school district or governmental entity without an additional cost.
- n. The board of education must submit a budget in which the advertised per pupil administrative cost does not exceed the lower of the prebudget year per pupil cost adjusted as of 2/1 in the proposed budget plus any approved increases or the regional limit, as calculated on supporting documentation item entitled "Administrative Cost Limit".

2. RESPONSIBILITIES OF THE EXECUTIVE COUNTY SUPERINTENDENT

- a. **The executive county superintendent will review and approve the proposed budget of each district prior to its advertisement, unless prior Commissioner approval for advertisement without county review has been granted.** The review will include verification that the base budget provides curriculum and instruction that are designed and will be delivered in such a way that all students will have the opportunity to achieve the knowledge and skills defined by New Jersey's Core Curriculum Content Standards (NJCCC) and Common Core State Standards (CCSS) and that the base budget contains funds sufficient to meet all existing statutory and regulatory mandates. The review will also include verification that the base budget includes the required maintenance budget amount as calculated and submitted on the M1 Form and that the base budget does not exceed the administrative cost limit as calculated on the Administrative Cost Limit supporting documentation item.
- b. The executive county superintendent has the authority to order any changes in revenue and expenditure proposals that are unsuitable or inappropriate.
- c. The executive county superintendent will review the district's rationale provided for estimating enrollment increases greater than 1% of the department's estimated growth rate as entered and calculated on the enrollment projections report.
- d. The executive county superintendent will review the proposed budget to determine whether items identified for reallocation and/or reduction during a review of administrative and operational efficiencies in the prebudget year are reflected in the proposed budget.

- e. The executive county superintendent will review the district's estimate of current year general fund surplus balance summarized in the Recapitulation of Balances. The executive county superintendent may request revisions to the district's surplus estimates if deemed necessary by the review.
- f. For those districts with separate proposals for additional spending being submitted to the voters or board of school estimate:
 - The review will include verification that the proposals do not contain any programs or services necessary for the district to provide the opportunity for all students to achieve the thoroughness standards (NJCCC and CCCS) and do not contain proposed expenditures for items which are contained in the efficiency standards established when the amounts contained in the base budget for those items are greater than that contained in the efficiency standards.
 - The review will also include verification that the proposals do not include any programs and services that were included in the prebudget year unless a written request is submitted to and approval is obtained from the executive county superintendent.
 - The executive county superintendent may prohibit the submission of proposals if it is determined that the district has not implemented all potential efficiencies in the administrative operations which would have negated the need for the proposals.
- g. The executive county superintendent may disapprove a portion of a school district's budget if (s)he determines that the district has not implemented all potential efficiencies in administration and operations or if the budget includes excessive non-instructional expenses.
- h. The executive county superintendent shall confirm for those districts receiving Preschool Education Aid that the audited June 30, 2012 carryover balances have been properly taken into consideration in the development of the applicable plans for 2013-14.
- i. The executive county superintendent will review the district's Tax Levy Cap Calculation Worksheet for accuracy to determine that the tax levy does not exceed the maximum permitted tax levy after adjustments. (Revenue line 100 is not greater than line (G) on the tax levy cap worksheet.)
- j. The executive county superintendent will review the district's tax levy cap adjustment worksheets for agreement to the tax levy cap worksheet and all of the appropriate attachments for accuracy and completeness.
- k. The executive county superintendent will make specific written recommendations to the Commissioner, directing budget reallocations and programmatic adjustments deemed necessary to ensure implementation of T&E pursuant to N.J.S.A. 18A:7F-6(a).
- l. The executive county superintendent will make specific written recommendations to the Commissioner directing specific budget increases over the tax levy cap to address

low achievement or causes of a district's failure to meet the core curriculum content standards.

- m. The executive county superintendent will review the district's request for use of banked cap to ensure that all current year adjustments have been utilized before requesting the use of banked cap.
- n. Failure of any district to budget funds to meet statutory requirements is a very serious matter and will result in the executive county superintendent rejection of the budget. The district will be advised of any lack of budget approval with specific recommendations on necessary corrective revisions.
- o. State aid payments for the next budget year will not be processed unless the budget is approved by the executive county superintendent.
- p. If a board of education revises a previously approved proposed budget after the public hearing, the district must contact the county office in order gain access to revise the budget. The revised budget will be resubmitted to the executive county superintendent for approval. If the executive county superintendent finds that the revised budget is approvable, the executive county superintendent will approve the budget on the County Review and Approval tab in the software. In the event that the executive county superintendent determines that the revised budget is not approvable, the district will be immediately advised of the decision and specific recommendations and/or corrective action measures will be shared with the district.
- q. All budget records, including the budget review checklist, will remain on file at the county office.
- r. Districts will be requested to submit a budget reflecting revisions resulting from the Commissioner's decision on any budget reduction application for restoration following the certification of taxes.
- s. County offices are required to maintain an accurate file of district budgets from the time of submission for initial review until the tax levy has been certified.

a. COUNTY REVIEW CHECKLIST

**State of New Jersey
Department of Education
PO Box 500
Trenton, NJ 08625-0500**

**2013-2014
BUDGET REVIEW CHECKLIST**

DISTRICT _____
COUNTY _____

All of the following items have been checked against the School District Budget Statement:

- () 1. All budget documents have been prepared and submitted using the department-provided computer program and additional required documentation as detailed in the Budget Guidelines and Electronic Data Collection Manual.
- () 2. In cases where the district obtained approval for additional spending via separate proposals, the base budget and approved additional amounts have been merged.
- () 3. The district categorization of revenues as restricted and unrestricted, detailed in the revenues report of the budget software, is correct.
- () 4. If a district's proposed spending exceeds the expected local levy, the required additional statement has been completed on the Report of District Status.
- () 5. If the district has qualified for use of an automatic tax levy cap adjustment, requested use of banked cap, or has included a separate proposal for additional funds, the district has submitted the related materials by the required due dates.
- () 6. The budgeted tax levy for regular districts (revenue line 100) prior to merging of separate proposals does not exceed Line (G) on the district's Tax Levy Cap report.
- () 7. The estimated surplus balances have been reviewed. If additional fund balance was identified in the review, the district budget has been revised accordingly to appropriate the additional fund balance in its proposed 2013-14 budget.
- () 8. Any regular non-vocational school district has submitted a budget in which their advertised per pupil administrative cost does not exceed the lower of either a) their pre-budget year per pupil administrative cost adjusted as of 2/1 in their district's proposed budget and increased for any commissioner approved increases or b) their per pupil administrative cost limit for their region.

If the district has entered information to increase the base 2012-13 costs, the amounts have been reviewed and approved.

- () 9. Districts requesting a separate proposal(s) for funds from the voters or board of school estimate have submitted the interpretive statement(s) and itemized accounting(s) in the proper form and in an accurate manner, and a clear statement on whether the approval will affect only the budget year or result in a permanent increase to the district's tax levy. Districts must also submit written documentation and certify that efforts were made to enter into shared service arrangements with other districts or governmental units and if the district has not entered into those potential arrangements that such arrangements would result in additional expenditures for the district.

If the executive county superintendent determines that the district has not implemented all potential efficiencies in administration and operations or if the budget includes excessive non-instructional expenses, the executive county superintendent may disapprove the separate proposal.

- () 10. The state facilities tuition amount agrees with the amount on the State Facilities Tuition Notice.
- () 11. Appropriations have been provided for an adult high school program when the district has reported adult high school enrollment on the 2013-14 Application for State School Aid.
- () 12. The assessment for SDA funding amount agrees with the amount on the State Aid Notice.
- () 13. If the changes in the proposed budget were recommended by the office of the executive county superintendent after review, pursuant to law and regulation, the office of the executive county superintendent consulted with the chief school administrator and district board of education concerning the recommended changes.
- () 14. If the changes in the pre-budget year were recommended by the office of the executive county superintendent after review, pursuant to law and regulation, the office of the executive county superintendent consulted with the chief school administrator and district board of education concerning the recommended changes and those changes are also reflected in the proposed budget if applicable.
- () 15. The enrollment estimates for October 15, 2013 appear to be reasonable.
- () 16. Those districts reflecting legal reserves with purposes beyond 2013-14 have provided sufficient support for those amounts and their propriety has been challenged by the executive county superintendent.
- () 17. The notice of public hearing and sample ballot submitted by the district contains the appropriate questions in the correct amounts. For districts with proposed budgets over the expected local levy, the sample ballot and notice of public hearing contain the statutory additional wording.

- () 18. Districts reflecting a withdrawal from capital reserve for excess costs or other capital projects which would not otherwise be eligible for the state share, have included a separate statement of purpose in the advertised budget. (The additional wording is not required on the actual ballot.)
- () 19. Any amounts budgeted in debt service for lease purchase principal and interest payments are included on the listing of approved agreements provided by the Division of Administration and Finance. Districts appearing on that list have properly budgeted those payments in debt service.
- () 20. The Position Control Roster has been submitted and reconciled with the budgeted amounts for salaries and benefits.
- () 21. The budgeted uses of Preschool Education Aid are appropriate and agree to the budgets approved by the Division of Early Childhood.
- () 22. The district has budgeted the appropriate amount of SEMI revenue or has submitted and received approval by the executive county superintendent for either a waiver from participating in the program or to use an alternate revenue projection.
- () 23. The district has taken the appropriate measures for the unexpended bond and COP proceeds identified in the Capital Reserve Fund Balance screen as remaining from pre-EFCFA issues beyond the six year time frame and for unexpended bond proceeds or other revenue sources transferred to the capital projects fund under EFCFA.
- () 24. Those districts with resident students included in the projected attendance figures for charter schools have properly budgeted the transfer of general fund support.
- () 25. If the district is budgeting a deposit into the emergency reserve account, the total balance in the reserve account does not exceed the greater of \$250,000 or 1% of the general fund budget up to \$1 million.
- () 26. The salary and benefit information reported in the Contract Information for Select Staff agrees to the contract terms for the employees.
- () 27. Districts receiving preschool education aid have recorded the full cost of the preschool program in the special revenue fund showing a transfer from the general fund for any contribution.
- () 28. If the district received Warning Edits, then the Warning Edit report has been reviewed by the executive county superintendent.
- () 29. Any amounts budgeted in general fund for deferred PERS payments are supported by documentation, and are less than the total deferred PERS payments for the district, as reported in the 2012 Annual Report by the Actuary for the PERS system on the Department of Treasury website at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>. (At the time of release of these guidelines, the report has not yet been posted.)

Districts not on the list in the actuarial report are not eligible for the cap adjustment for deferred PERS payments. If the executive county superintendent determines that the district is not on the actuarial list, the executive county superintendent must disapprove the cap adjustment.

D. BUDGET GUIDANCE

1. “Budget” Tab

a. Revenues

Local Sources – General Fund:

The *general fund revenue* from local sources section provides the information with the delineation of restricted and unrestricted revenues. For coding of revenues as restricted or unrestricted, please refer to the Chart of Accounts posted on the department website at <http://www.state.nj.us/education/finance/fp/af/coa/> and Appendix C to this document posted on the department website at <http://www.state.nj.us/education/finance/fp/dwb.shtml>.

Revenue from local sources includes local tax levy, tuition revenue, revenue from other local governmental units, transportation fees, interest earned on investments, GED testing center revenue, and other miscellaneous revenues.

Tuition revenue anticipated needs to correlate with the data calculated in the Estimated Tuition reports. Posted on the department website at <http://www.state.nj.us/education/finance/fp/dwb.shtml> are worksheets for calculating the amounts to be recorded for tuition. N.J.A.C. 6A:23A-17 contains the relevant code for tuition. Tuition adjustments related to the certification of prior year estimated tuition rates are still shown in the budget of the receiving district as an adjustment of the current year budgeted revenue and should not be recorded as miscellaneous income

School Bus Advertising Fees

The board of education of any school district may, pursuant to N.J.S.A. 18A:39-31, enter into a contract for the sale of advertising space on the exterior sides of school buses owned or leased by the school district, subject to prohibited items in the statute and any other products or services the board deems inappropriate. In the event that a board of education enters into a contract for the sale of advertising space on the exterior sides of school buses, 50 percent of any revenue generated by the sale shall be used by the board to offset the fuel costs of providing pupil transportation services, and the remaining 50 percent of the revenue shall be used to support any programs and services the board may deem appropriate. Revenue line 315, account number 10-1992, entitled “Advertising Fees – School Buses” is used to record the advertising fees.

GED Testing Centers

Pursuant to legislation, testing centers will maintain the fees received from the applicants and will be responsible for making the payments to the vendors for the testing materials.

Accounting guidance was provided in the 2008 GED Test Center Contract Addendum. Test Centers are to track the revenues and expenditures separately. Program code 640 in fund 13 captures these expenditures. Revenues should also be accounted for separately in account 10-1991.

Local Sources – Special Revenue Fund:

Preschool Program

Any tuition anticipated for the preschool program would be budgeted on the tuition lines, and any other general fund contribution to the preschool program would be entered through the preschool program data entry screen and will be recorded on the transfer line, account 20-5200.

Any revenue from other local sources that must be tracked in the special revenue fund per statute and code would be recorded on line 745 “revenue from local sources”.

Local Sources – Debt Service Fund:

Revenue from local sources includes tax levy, interest and miscellaneous income.

As a reminder, the debt service line for transfers from other funds is used to record those amounts being transferred from the capital projects fund from investment income on unspent bond proceeds or balances from completed projects initiated prior to the passage of EFCFA (P.L. 2000, c. 72 enacted July, 2000). These funds may be transferred to either the general fund or debt service fund by board resolution. Under EFCFA (N.J.S.A. 18A:7G-5o and p), the use of unexpended bond proceeds on approved EFCFA projects must be used to reduce the outstanding principal amount of the school bonds. See discussion of unexpended bond proceeds under Supporting Documentation Item 19 for additional information on the use of unexpended bond proceeds.

FOR NON-OP STATE-MERGED DISTRICTS

Debt Service Tax Levy for Non-Operating Merged Districts at July 1, 2009

Revenue line 861 “Local Tax Levy–PreMerger Debt,” account number 40-1210, is applicable only to districts which merged with non-operating districts effective July 1, 2009. N.J.S.A. 18A:8-45 provided 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 the act shall be apportioned among the constituent districts of the merged district in such manner as the Commissioner determines to be least fiscally disruptive. All existing debt of the pre-merged districts remained the responsibility of the individual municipalities where it was incurred. Line number 861 is used to track the debt service tax levy being raised to cover debt payments incurred before the merge. Levy recorded on this line will be allocated on the Certification of School Taxes form (A4F) to only the former receiving district. Note that tax levy previously recorded on line 860 “Local Tax Levy” for the pre-merge district, will now be recorded on line 861.

All new debt approved by the merged district will be the responsibility of all constituents of the merged district and allocated in accordance with the general fund tax levy allocation of the merged district. Merged districts should use line 860 “Local Tax Levy” to record the debt

service fund levy being raised to cover payments on debt incurred after the merge. Levy recorded on this line will be allocated on the Certification of School Taxes form (A4F) to all constituents of the merged district in accordance with the general fund tax levy allocation of the merged district.

State Sources – General Fund:

The titles of the revenues from state sources are consistent with the state formula aids calculated under the School Funding Reform Act of 2008 (SFRA).

Each year, pursuant to NJSA 18A:7F-5, the governor delivers the budget address establishing the amount of state aid that will be provided to districts. The state aid will be automatically loaded into the budget software, and entry on these lines will be blocked at that time. Any previously entered numbers will be erased and overwritten with the downloaded amounts. Exceptions to this are below:

Extraordinary Aid, as in prior years, is not required to be budgeted, it is optional. This will NOT be preloaded or downloaded into the budget software, or locked from entry. Districts must enter the amount to be budgeted. Revenue line 430, account number 10-3131, is available for those districts that want to incorporate projected extraordinary state aid in the proposed budget certified for taxes.

State Sources – Special Revenue Fund:

Preschool Education Aid (PEA) should be recorded on the Preschool Education Aid screen. NOTE: If total funding for preschool (general fund contributions, prior year carryover, tuition, and current year PEA) is greater than the budgeted appropriations for preschool, then the amount budgeted as revenue for current year PEA should be reduced from the state aid allocation so that the budget is balanced. The amount of the state aid allocation which is not budgeted in revenue will be calculated on the “Carryover to 2014-15” line on the Preschool Education Aid additional information screen. The amount of PEA will not preload into the budget software, it must be recorded by the districts on the detail data entry screens.

State Sources – Debt Service Fund:

Debt Service Aid-Type II state aid is recorded here.

Federal Sources – General Fund:

Revenues from federal sources in the general fund include IMPACT aid and Special Education Medicaid Initiative (SEMI)

Commingling of federal funds is not permitted unless there is an approved schoolwide program under NCLB 1114. Districts can only blend federal funds if they receive Title I funds. Funds combined in a schoolwide program lose their specific program identity and may be used for any costs of the approved schoolwide program. Districts are not required to maintain separate accounting records by program but must be able to identify the amount of funds expended from each federal, state, and local program allocated to a schoolwide

program. Districts may use any reasonable method to demonstrate how the funds have been expended. One method may include combining funds into one revenue account and then distributing expenditures at year end from the schoolwide program based on a percentage of revenues originally allocated. Districts should refer to the NCLB Reference Manual for further guidance on schoolwide programs.

Federal Sources – Special Revenue Fund:

The figures shown in the budget should be the estimate being used for local planning purposes and should reasonably reflect the district's history of receiving federal aid.

General Information:

Other

The original current year budget, which was certified for taxes, preloads into column 3. Districts must update the revenue amounts to represent the current year budget **with revisions as of February 1**. The downloaded budget data will not include, if applicable, any adjusted state aid figures for the current year. Additional revenue realized during the year from the sale of property or some other unanticipated unrestricted revenue source not originally anticipated in the district's 2012-13 budget certified for taxes but realized as of February 1, 2013, should be either reflected as an increase in the applicable revenue and a corresponding decrease in budgeted fund balance, or if spending was increased, as an increase in the corresponding appropriations. If fund balance was not originally budgeted in the current year and the district does not plan to increase spending, then an increase in revenue for this amount should not be reflected in the budgeted 2012-13 revenues but should be reflected as anticipated fund balance on the recapitulation of balances.

A grid of the possible revenues lines for the 2013-14 budget and their applicability to the three budget types (regular, special services, and vocational) is included in the EDC manual.

b. Appropriations

Districts should refer to the chart of accounts and minimum outline, posted at <http://www.state.nj.us/education/finance/fp/af/coa/>, for the proper classification of expenditures. Appendix C to these guidelines provides a brief summary of the types of expenditures that would be recorded under each program/function.

A grid of the possible expenditure lines for the 2013-14 budget and their applicability to the three budget types (regular, special services, and vocational) is included in the EDC Manual in the Detailed Appropriations Grid. The grid contains columns for regular, special services, and vocational districts. An "X" in the column that relates to your district indicates the line is available for entry. The optional allocated employee benefits accounts lines are noted in the grid as "O".

The prior year actual amounts of the appropriations section will be automatically downloaded by the department. **Data entry is not permitted and corrections to the amounts require the retransmission of the district's audsum.**

The current year budget information on file with the department is preloaded into the current year column of the budget. Districts must update the appropriation amounts to reflect **revisions as of February 1, 2013**, including the rollover of prior year encumbrances.

Employee Health Benefit Appropriations

Health care costs budgeted in appropriations object 270 should be recorded net of employee withholding required by P.L. 2011, c.78. The employee benefits supporting documentation item collects the total amount of employee withholding for health benefits costs in each budget year. The amount of withholding from data entry is combined with the district budgeted health benefit costs to disclose the total amount of employee health benefits at the bottom of the Employee Benefits Summary Comparison Report.

Note that payments to employees in lieu of health benefits coverage should not be recorded as health benefits costs. These payments should be recorded in object 290 "other employee benefits".

Fuel Costs Funded by Advertising Revenues

The board of education of any school district may, pursuant to N.J.S.A. 18A:39-31, enter into a contract for the sale of advertising space on the exterior sides of school buses owned or leased by the school district, subject to prohibited items in the statute and any other products or services the board deems inappropriate.

In the event that a board of education enters into a contract for the sale of advertising space on the exterior sides of school buses, 50 percent of any revenue generated by the sale shall be used by the board to offset the fuel costs of providing pupil transportation services, and the remaining 50 percent of the revenue shall be used to support any programs and services the board may deem appropriate. To track the fuel expenses for pupil transportation services which are offset by the advertising fees, appropriation line number 52450, account number 11-000-270-626 will be used in the detailed appropriations.

Tuition

Posted on the department website at <http://www.state.nj.us/education/finance/fp/dwb.shtml> are worksheets for calculating the amounts to be recorded for tuition. Tuition adjustments related to the certification of prior year estimated tuition rates are still shown in the budget of the sending district as an adjustment of the current year budgeted tuition appropriations and should not be recorded as miscellaneous income.

Coding Appropriations Using the Chart of Accounts Revised 2008 Edition, Effective July 1, 2009

The Chart of Accounts (COA) posted at <http://www.state.nj.us/education/finance/fp/af/coa/>, provides descriptions of the account classifications (dimensions) comprising the coding of accounts in New Jersey school financial operations. The 2008 COA was updated and released in October, 2008, effective for fiscal years beginning July 1, 2009. The COA presents

definitions of the component dimensions and the type of transactions that would be included in that classification. Appendix A "Expenditure Account Outline" of the COA lists the minimum level of detail that must be maintained in a district's chart of accounts for compliance with Department of Education (DOE) and federal reporting requirements. The lines of the annual school district budget statement reflect the minimum outline for general current expense (character class 11), capital outlay (character class 12), special schools (character class 13), and debt service (fund 40).

The budget statement contains summarized information related to special projects/grants. The detail reflected in the minimum outline for the special revenue fund (fund 20) must be maintained in the accounting records of the district for these summarized special projects. If a district opts to expand beyond the minimum outline in its chart of accounts, there must be a clear trail from the internal accounting records to the information summarized in the format of the minimum outline reflected in the budget statement. See the next section for further detail on expanded coding.

Expanded Coding

N.J.A.C. 6A:23A-16.10(a)3 states that when a board of education adopts an expanded chart of accounts, the board shall adopt a policy concerning the controls over appropriations for line item accounts which exceed the minimum level of detail established pursuant to N.J.A.C. 6A:23A-16.2(f)1 (the minimum outline). If a district board of education fails to adopt such a policy, the restrictions regarding overexpenditure of funds shall apply to line item accounts which exceed the minimum level of detail. In cases where expanded coding is implemented to account for required maintenance or travel related expenditures, the board may not establish a policy for controls over the appropriations at the minimum outline level of detail.

The minimum outline contained in Appendix A of The Uniform Minimum Chart of Accounts for New Jersey Public Schools, Revised 2008 Edition, as shown in the Detailed Appropriations Grid, lists the minimum level of detail that must be maintained in a district's chart of accounts for compliance with department and federal reporting requirements. The minimum outline may be expanded to provide additional information. However, the monthly report of the board secretary must be prepared in the minimum outline format. It is important that districts consult with their software vendors to ensure that the software has the capability of folding any expansions beyond the minimum outline back into the appropriate line of the board secretary's report.

Expansion may be made by adding digits to the existing dimensions shown in the coding structure of the minimum outline or by adding dimensions. As mentioned previously, any expansion beyond the minimum outline must provide a clear trail from the internal accounting records to the information summarized in the format of the minimum outline reflected in the budget statement. Software vendors have indicated that the preferred method of expansion would be to add dimensions at the end of the account code. For example, a district may want to maintain its budget at the building level by adding a location dimension to its account code. This expansion would allow districts to assign budgetary responsibility to the building or school for those costs which are controllable at that level. Central administrative or other such costs that are not readily assignable to a particular location would be coded to a central office location code.

Districts may also wish to add a dimension for a project code to further delineate expenditure data to track costs by specific programs or objectives beyond the summary information contained in the minimum outline. The additional dimension could be used to assign costs that are coded throughout the budget in the required program/function to obtain a detailed cost record of that program or objective. For instance, the current required coding of the minimum outline summarizes all regular instruction costs other than teachers' salaries in program 190. Teachers' salaries are coded according to summary grade classifications and are recorded under the applicable program (105-140). This summarized reporting does not maintain in the accounting system a record of the total instructional costs either by grade classification or by subject matter/program. Additionally, certain costs that districts may consider part of the total cost of a program must be coded in programs/functions elsewhere in the budget, such as the associated employee benefits or transportation costs for field trips. All supervision of instruction costs are budgeted under function 221 and all transportation costs are budgeted under function 270. By adding a project code to the minimum coding structure, a district would be able to extract data related to the program/project from all the areas of the budget and still be able to report in the summarized outline form.

Recipients of Preschool Funding submit the detail of the budgeted uses of the funds in the Preschool Education Aid screen under the Budget tab. The budget to actual status of these appropriations must be maintained in those districts' accounting records.

Districts with schools preparing blended school based budgets submit the blended resource school-based budgets. The budget to actual status of these appropriations must be maintained in those districts' accounting records. Expanded coding beyond required maintenance is optional for all other districts. All districts are required to account for required maintenance expenditures at the school-facility level. As such, a location code is a required component of the minimum outline for the required maintenance appropriation account.

Pursuant to N.J.S.A. 18A:11-12(p), districts are required to annually establish a maximum appropriation amount for travel related expenditures and adhere to that limit. The budget to actual status of these appropriations must be maintained by all districts to support adherence to the law. All districts should establish a mechanism to determine compliance with this provision which can be achieved several ways. The board may establish an expanded chart of accounts by using a new identifying code for all travel related expenditures or may maintain spreadsheets outside of the district's existing accounting system. This decision is left up to the individual Boards of Education or Boards of Trustees and not prescribed by the Department of Education.

c. Recapitulation of Balances

GASB Statement Number 54:

Governmental Accounting Standards Board Statement No. 54 requires districts to first classify fund balance on whether resources are spendable, and then within the spendable category, on "the extent to which the government is bound to honor constraints on the specific purposes for which amount in the fund can be spent" (paragraph 50).

Districts should have a policy regarding cash flow as it relates to fund balance. GASB No. 54 recognizes that fund balance for a single purchase may come from multiple sources. For example, a district might use emergency fund balance and assigned fund balance to complete a single transaction. A flow assumption might be needed at year end to properly classify the reduction in fund balance at that point in time. The policy should address the flow assumption (which funds are used first) when both restricted resources and other resources can be used for the same purpose; and when committed, assigned, and unassigned resources are to be used, the order in which outlays are to be allocated among them. GASB No. 54 includes a default ordering assumption when a purchase comes from multiple sources. If a district does not wish to use the default order, then the district should adopt a policy which directs the order of funds to be utilized in transactions that may come from multiple sources.

The department encourages interested parties to obtain the publication directly from GASB (www.gasb.org).

Completion of the Recapitulation of Balances

The recapitulation of balances report in the software is condensed for advertising as well as for the user-friendly budget. Districts must complete the Detailed Recapitulation of Balances. The data entered on the detailed form will automatically create the Advertised Recapitulation of Balances report which is incorporated in the newspaper file and user friendly budget file. Samples of the Detailed and the Advertised Recapitulation of Balances reports are included in the Electronic Data Collection Manual.

General Fund (Unassigned) – Rows 1 through 8 - is general fund surplus other than that restricted for capital reserve, emergency reserve, adult education programs, maintenance, tuition certification, current expense emergency reserve, or legal reserve.

General Fund (Restricted) Legal Reserves – Lines 9 through 18 – is used to report that portion of the general fund surplus which is legally restricted for specific purposes other than that restricted for capital reserve, emergency reserve, adult education programs, maintenance, tuition certification, and encumbrances. This would include reserves established for audited excess surplus and restricted appropriations such as unspent funds from separate proposals and unspent advertising fees – school buses. It also includes the reserve for sale/lease-back of textbooks and the waiver offset reserve for unused Commissioner approved tax levy cap waivers.

General Fund (Restricted) Adult Education Reserve – Lines 19 through 24 - is used to report that portion of the general fund surplus that arose from the excess of receipts and donations, tuition fees or from any source other than local taxation over the actual cost of the maintenance and operation of the district's adult education program. N.J.S.A. 18A:50-6 requires that any surplus generated from the district's adult education program in a given year remain in a separate account and for the restricted fund balance to be utilized exclusively for carrying out a program of adult education during the ensuing year.

General Fund (Restricted) Capital Reserve Account – Lines 25 through 36- is used to report the restricted general fund balance related to an established capital reserve account under N.J.S.A. 18A:21-2, N.J.S.A. 18A:7G-31 amended, and N.J.A.C. 6A:23A-14.1.

Pursuant to N.J.S.A. 18A:7F-41, deposits may be made to the capital reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. N.J.A.C. 6A:23A-14.3(a) defines year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Deposits may still be done at budget time.

General Fund (Restricted) Maintenance Reserve Account – Lines 37 through 45 – is used to report that portion of the general fund surplus, which is legally reserved for maintenance pursuant to N.J.A.C. 6A:26A. Pursuant to N.J.S.A. 18A:7F-41, deposits may be made to the maintenance reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. N.J.A.C. 6A:23A-14.3(b) defines year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Deposits may still be done at budget time.

General Fund (Restricted) Tuition Reserve Account – Lines 46 through 50 - is used to report that portion of the general fund surplus legally restricted at year end for anticipated tuition adjustments upon certification of rates pursuant to N.J.A.C. 6A:23A-17.1(f)(8). The set-aside into a tuition reserve is a year-end activity and only applicable to certification of rates between formal sending/receiving districts. The maximum amount that may be restricted at year end during any contract year is 10 percent of the estimated tuition cost. In accordance with N.J.A.C. 6A:23A-17.1(f)(6) and (7), the certification of tuition rates occurs after two years. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated; any remaining balance related to that year must be reserved and budgeted for tax relief. Prior to the second contract year, monies are not permitted to be withdrawn. Amounts legally reserved at June 30, 2012 will be preloaded from Audsum in Line 50 of the 2011-12 column and must be appropriated in the 2013-14 budget certified for taxes. The amount on line 50 in 2011-12 column may include surplus legally reserved for multiple years. (N/A for county vocational and special services school districts.)

General Fund (Restricted) Current Expense Emergency Reserve – Lines 51 through 59- is used to report the emergency reserve account balance. Pursuant to N.J.S.A. 18A:7F-41 and N.J.A.C. 6A:23A-14.4, a Current Expense Emergency Reserve account may be established by board resolution to be used to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. N.J.A.C. 6A:23A-14.4 defines year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Deposits may still be done at budget time.

Withdrawals during the budget year require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent. The district should update the middle column of the appropriations for a deposit into emergency reserve in 2012-13 on the appropriate line as well as the recapitulation of balances. There is a separate line number enabling tracking of the emergency reserve account separate

from other legal reserves. Revenue line 670 is used to capture the budgeted withdrawal from the emergency reserve that would be required due to the district exceeding the maximum limit. There is an edit check that line 59 is not greater than the statutory limit.

Additional guidance regarding the emergency reserve is posted on the department's website at <http://www.nj.gov/education/finance/fp/af/EmergencyReserveGuidance.pdf>.

Debt Service (Unassigned) – Lines 60 through 65 – is used to report the debt service fund balance. Under N.J.S.A. 18A:24-57 and N.J.A.C. 6A:23A-8.6, any debt service surplus funds must be appropriated to offset property taxes. There is an edit check to ensure that the estimated ending balance at June 30, 2014, on line 65, is zero. (N/A for county vocational and special services school districts.)

Debt Service Fund (Restricted) for Debt Repayment- Lines 66 through 73 - is used by districts to account for the portion of the proceeds from the sale of district property that the district has elected to transfer to the debt service fund for the exclusive purpose of reducing outstanding debt obligations of the district, under N.J.S.A. 18A:7F-41. N.J.A.C. 6A:23A-14.4 defines property as land, buildings and other property that was incidental to the sale of land or a building. Districts should not anticipate a deposit at budget time unless the proceeds have been realized. Districts should include the withdrawal at budget time to offset the tax levy. Deposits may not be made to the reserve account if a district does not have any outstanding debt. The reserve must be liquidated within the lesser of five years from its inception or the remaining term on the obligations. Any remaining balance must be used for tax relief.

d. Preschool Education Aid

Preschool Education Aid (PEA) reflects the cost of the child's placement in a district program, a licensed child care provider program, or a Head Start Program which provide high quality preschool in accordance N.J.A.C. 6A:13A. Former Abbott districts and those former ECPA districts approved to expand their preschool program starting in 2008-09 must provide a full-day program for three- and four-year-old resident students. Other former ECPA and any former ELLI districts may provide either a half-day or a full-day program in accordance with their last department-approved preschool plan.

Districts should refer to N.J.A.C. 6A:13A on the plan submission and program implementation requirements. A district board of education must review and approve all providers planning budgets, first verifying for accuracy and efficiency. Any subsequent provider transfers must be approved by the district in accordance with the procedures each district established with contracting providers. Only certain district transfers will require approval from the county office.

Districts receiving Preschool Education Aid should account for the full cost of the preschool program in fund 20, except for self-contained preschool disabled students and support services needed for preschool disabled students served in general education classrooms. Self-contained preschool disabled students and support services needed for preschool disabled students served in general education classrooms should be accounted for in the applicable special education cost centers of the general fund. There are three categories of preschool

children which are funded by various state aids. The budgeting and accounting guidance for each category is included below:

Category	Funding Source	Budgeting and Accounting
Preschool General Education Children	Funded by PEA recorded as revenue in the special revenue fund	Special revenue fund 20
Preschool Disabled Inclusion Children	Funded by district K-12 base aid for elementary students in the form of equalization aid as well as special education categorical aid and security aid for each preschool disabled student enrolled.	<p>Special revenue fund 20 for the general education portion of the child's education to be funded by a transfer from the general fund into the special revenue fund of the state aid received for these students for the general education portion of their education.</p> <p>The support services the children need related to their disabilities such as aides or other support services are to be recorded in the general fund.</p> <p>The preschool costs recorded in the special revenue fund are only to be the preschool general education costs for preschool general education children and preschool inclusion children.</p>
Preschool Disabled Children in Self-Contained Classrooms	District K-12 base aid for elementary students in the form of equalization aid as well as special education categorical aid and security aid for each preschool disabled student enrolled.	General fund for the full cost of educating a preschool child in a self-contained classroom recorded in the applicable program codes.

Further explanation of the funding and accounting for preschool program costs is posted at <http://www.state.nj.us/education/finance/fp/af/AccountingClarificationMemorandum.pdf>

Transfers and Appropriation of Carryover

After the start of the budget year, substantive line-item transfers and any appropriation of prior year carryover not anticipated in the original budget certified for taxes, requires approval from the county office. Instructions and forms are provided on the web site at www.nj.gov/njded/finance/fp/af/, under "PEA Carryover and Transfer Requests."

e. Capital Projects and Reserve

The Capital Projects and Reserve screens are used to document a summary of each project and the detailed budget for each project, and the details of the fund balance in the capital projects fund at June 30, 2012.

Capital Outlay Budget Restriction

In accordance with EFCFA's requirement for local voter or board of school estimate approval of the local funding for capital projects, N.J.A.C. 6A:23A-8.4 includes a provision to ensure capital outlay budgets are spent as approved by the voters or board of school estimate. Pursuant to this section, a district board of education is restricted from transferring funds from capital outlay accounts (excluding equipment) detailed on the capital projects screen to current expense accounts without a written request and approval from the upon demonstration of hardship. Unexpended capital outlay balances lapse to surplus at year end. In addition, pursuant to N.J.A.C. 6A:23A-13.3(h), all transfers into capital outlay, excluding equipment and permitted withdrawals of local share from capital reserve, require departmental approval and in most cases, to support an emergent circumstance.

Capital Projects Fund Balance

The capital projects fund balance screen is used to identify the detail of the amount reported on the Audsum diskette as the unreserved capital projects fund balance at June 30, 2012. If a deficit balance is reported, a zero will appear.

Under EFCFA (N.J.S.A. 18A:7G-5o), unexpended balances from bond proceeds or other revenue sources transferred to the capital projects fund pursuant to N.J.A.C. 6A:26-4.1 for the purpose of funding all or part of the costs of school facilities projects under EFCFA (and/or other projects whose funding was authorized by the bonds) which remain unspent upon completion by the district, must be used to reduce the outstanding principal amount of the school bonds of the associated project. Upon completion of an authority constructed project under EFCFA (N.J.S.A. 18A:7G-5p), the district shall be entitled to receive a portion of any unexpended balances based on a pro rata share of the difference based on the ratio of the state share to the local share.

For a non-referendum school facilities project required to be accounted for in the capital projects fund pursuant to N.J.A.C. 6A:26-3.8(a)2, any unexpended transferred capital outlay funds remaining after completion of the school facilities project must be transferred to the general fund in the current year or reserved and designated in the subsequent year's general fund budget.

For bonds issued prior to EFCFA (P.L. 2000, c. 72 enacted in July, 2000), unexpended balances may remain in the capital projects fund for six years after the time of issuance or sale. Within that time, if a new purpose of the funds is determined, the voters may approve the change in purpose via a ballot question. If no new purpose is identified, the unexpended balances may be transferred to either the general fund or the debt service fund by board

resolution. It is the department's policy that to meet the criteria of no new purpose, the district's budgeted appropriations and actual expenditures for the year of transfer can reflect no capital outlay spending. If any capital outlay items, including equipment purchases, are budgeted for or expended in the year of transfer, it is interpreted that the district had another capital purpose that should have been submitted to the voters for approval. After six years, if there is no new purpose for the unexpended funds, they must be transferred to either the general fund or the debt service fund by board resolution. Districts with unexpended balances from projects beyond the six year time frame should take action to transfer the balances to the general fund or debt service fund and anticipate the transfer as revenue on line 680 or line 845 or reflect as an additional balance anticipated in the recapitulation of balances on line 6 or line 64. This will be verified by the executive county superintendent during the budget review.

Unexpended balances from bonds receiving pre-EFCFA debt service aid transferred to the general fund cannot be used as local share for a new school facilities project receiving EFCFA state share.

f. Appropriation of Excess Surplus

The appropriation of excess surplus screen is used to calculate the amount of excess general fund surplus, if any, that under statute must be appropriated in the 2013-14 budget to fund 2013-14 appropriations. The calculation is automatic using data from the recapitulation of balances, revenue and appropriation lines. Data entry is only required for federal impact aid adjustments, legally reserved fund balance with purposes beyond 2013-14, and school bus advertising fee adjustments.

N.J.S.A. 18A:39-31 requires that 50 percent of school bus advertising revenue be used to offset the fuel costs of providing pupil transportation services. If a district receives such revenue and is unable to utilize the offset, they must reserve the revenue for use in the subsequent year. Districts that set up a reserve for school bus advertising at June 30, 2012 may use the reserve as an adjustment to fund balance for purpose of calculating the estimated excess surplus.

The calculation of June 30, 2012 excess surplus was performed as part of the annual audit and the excess amount, if any, was reported to the department in the Audsum transmission.

For regular school districts, P.L. 2007, c.62 amended N.J.S.A. 18A:7F-7 to increase the maximum surplus balance to \$250,000 or 2%, whichever is higher. Vocational districts are still subject to 3% or 6% maximum surplus balance, whichever is applicable.

The aforementioned calculations do not apply to county special services school districts. N.J.S.A. 18A:46-31 allows those districts to maintain an undesignated general fund balance of 10% of the general fund budget exclusive of tuition adjustments. This calculation will be integrated into the estimated and certified tuition rate calculations for those districts.

g. Special Education Medicaid Incentive (SEMI)

The SEMI screen is used to calculate the amount of Medicaid revenue that must be budgeted under the Special Education Medicaid Initiative (SEMI).

In accordance with N.J.S.A. 18A:55-3, school districts are required to maximize their participation in SEMI. The accountability regulations (N.J.A.C. 6A:23A-5.3) include programmatic guidelines and standards for school districts to maximize participation in SEMI. A guidance memo will be issued by the Department explaining the SEMI participation requirements and calculation of the projected revenue. District specific information including estimated Medicaid-eligible/Special Education students and the projected revenue to be used in developing the 2013-14 budget will be distributed to each school district through the county office. Districts should reference the Department of the Treasury website for further details on this program and related guidance memos at <http://www.state.nj.us/treasury/administration/semi-mac/semi-mac.htm>.

Districts must recognize SEMI revenue in the original budget certified for taxes of at least 90 percent of the SEMI revenue projections provided by the Department, unless the district has requested and received a waiver or requested and received approval to record an alternative SEMI revenue amount. Projected SEMI revenue will be recorded on revenue line 540 "Medicaid Reimbursement" in the 2013-14 proposed budget from the calculations on this screen. There will be an edit check that the amount entered on revenue line 540 will be no less than 90 percent of the revenue projection provided by the Department, unless the district selects on the data entry screen that it has an approved waiver or received approval to use an alternative revenue projection for the 2013-14 budget year. If the box is checked in either of these sections of the data entry screen, the county approval letter and alternative revenue projection, if applicable, must be submitted to the Executive County Superintendent, and the amount of the alternate projection must be entered in the last cell of the screen. If a district is opting to budget more than the required 90% projected amount, check the box and enter the amount to be budgeted. No other data entry is required on this support document. The revenue amount shown on the first line of the report is calculated as 100 percent of the Department calculated revenue projection. The revenue amount shown on the third line of the report is calculated as 90 percent of the first line.

To seek a waiver from the Executive County Superintendent for the requirements to maximize SEMI a district must show that as per the October 15, 2011 Special Education Student Count, they had 40 or fewer Special Education-Medicaid eligible students, or that efforts to participate in SEMI would not provide a cost benefit to the district. A district may also seek approval from the Executive County Superintendent to use its own projections of SEMI reimbursement revenue, upon demonstration that the numbers it used in calculating the projections are more accurate than the projections provided by the Department.

All waiver and alternative revenue requests must be submitted to the Executive County Superintendent no less than 45 days prior to the submission of the district's proposed budget. The Executive County Superintendent shall notify the district of the decision on the waiver application within 20 days of receipt of the waiver request.

In accordance with N.J.A.C. 6A:23A-5.3(f), each district that has not achieved maximum participation in the SEMI program or failed to comply with all program requirements set forth in N.J.A.C. 6A:23A-5.3(e), shall demonstrate a good faith effort to achieve maximum participation and to maximize available SEMI revenue by submitting a SEMI action plan to the Executive County Superintendent for review and approval as part of the district's proposed budget submission. Maximum participation of SEMI is defined in the regulations as obtaining 90 percent return rate of parental consent forms for all SEMI eligible students. If applicable, the district shall review the existing action plan previously submitted, and if necessary, modify it to demonstrate the district's current status in terms of maximum participation in the SEMI program. The required components for the SEMI action plan are specified in N.J.A.C. 6A:23A-5.3(g).

h. School-Based Budgets

General Overview of the School-Based Budget Completion Process

Beginning with the 1999-2000 budget year, certain districts were required to submit school-based budgets for their schools. A blended resource fund (fund 15), a subfund of the general fund, was created to allow budgeting of school-level appropriations and accounting for school-level expenditures. Revenues are recorded in fund 15 as operating transfers from the general fund (fund 11) and special revenue fund (fund 20).

School-based budgeting is maintained in the budget software. Districts that were required to submit school-based budgets in previous years are required to continue to do so for 2013-14. As such, those districts must enter school-based budget information into the budget software and complete the school-based budget screens of the budget software.

Under NCLB, districts are encouraged to blend eligible funds for eligible schoolwide programs in Fund 15. Schoolwide status is determined on a school by school basis based on poverty levels and having an approved schoolwide program plan. Simply being a school in a district that prepares school-based budgets does not make the school eligible to operate a schoolwide program. One of the requirements of implementing schoolwide programs is to integrate, whenever possible, all local, state and federal resources into one funding stream to upgrade the entire school. It is therefore important that districts are cognizant of the federal laws permitting blending of federal resources, particularly the Improving America's Schools Act of 1994 (IASA) P.L. 103-382, amendments to the Elementary and Secondary Education Act of 1965 (ESEA), Title I, Part A. ESEA was reauthorized by the No Child Left Behind Act of 2001 (NCLB) (P. L. No. 107-110 enacted January 8, 2002). Refer to <http://www2.ed.gov/nclb/landing.jhtml> and <http://www.nj.gov/education/grants/entitlement/nclb/> for details of NCLB. In addition, the United States Department of Education (USDOE) website (www.ed.gov) provides written guidance, program ideas and audit information on schoolwide programs at <http://www2.ed.gov/admins/lead/account/swp.html>. Included at that site is a July 2004 document titled "Notice Authorizing Schoolwide Programs to Consolidate Federal Education Funds."

The basics of a schoolwide program are summarized below. The above resources should be referenced for more detailed and specific information relating to operating a schoolwide program.

NCLB permits a local educational agency (LEA) to consolidate and blend funds “together with other federal, state and local funds, in order to upgrade the entire educational program of a school that serves an eligible school attendance area in which not less than 40 percent of the children are from low-income families, or not less than 40 percent of the children enrolled in the school are from such families” (NCLB §1114). The purpose is to increase the academic achievement for all students in the school by allowing schools to integrate their programs, strategies and resources.

A Title I targeted assistance program uses Title I, Part A funds only for the provision of supplementary educational services to eligible children who are failing, or at risk of failing, to meet state standards. In a Title I schoolwide program, a school is not required to provide supplementary services to identified children but instead can upgrade the entire educational program in the school.

In order to be eligible for a Title I schoolwide program, the school must be eligible for the Title I program; receive Title I, Part A funds; have at least 40 percent of the children enrolled in the school or residing in the school attendance area be from low-income families; comply with a year of planning; meet the nine essential program components; and, be approved to operate a schoolwide program. To promote effective, long-term planning, a school can maintain its schoolwide program eligibility even if it drops below the 40 percent poverty threshold. However, the school must still meet Title I eligibility and receive Title I funds.

Title I eligibility is a prerequisite of schoolwide program eligibility. Without an approved schoolwide program, a school is not permitted to blend federal funds with state and local funds. Schoolwide programs are to be approved by the department. These ineligible schools may only blend state and local funds.

Only eligible Title I schools receiving Title I funds may operate schoolwide programs.

Only schools with approved schoolwide status may combine federal funds in their school-based budgets.

Budgeting the Estimated TPAF, FICA and Medicare Reimbursements Associated with the Salaries Allocated to Federal Programs in a School-Based Budget

N.J.S.A. 18A:66-90 requires each public employer (district) to reimburse the State for the amount of TPAF, FICA and Medicare paid by the State on behalf of the district for contractual teacher salaries charged to federally funded programs. For 2013-14, districts must calculate and budget the amount due to the state for contractual teacher salaries charged to federally funded programs. Prior to the implementation of blended resource school-based budgets, this reimbursement was calculated on Title I and other federal program teachers and included on the benefits line of the applicable grant application.

The implementation of school-based budgets, and the blending of federal, state and local funds in the school-based budget recorded in fund 15, necessitates a calculation of the salary amounts paid in fund 15, which are attributable to federal sources. Once this calculation is

performed, the budgeted TPAF, FICA and Medicare reimbursements can be determined and included in the related grant application.

The instructions below detail how to calculate an estimate of the reimbursement due to the State for the TPAF, FICA and Medicare associated with the federal portion of salaries blended in a school-based budget. This calculation should be performed for each school with a blended resource school-based budget with schoolwide program status. The reimbursement calculated below should be included on the benefits line (200-200) in the NCLB application and recorded in fund 20. The remainder of the school allocation should be blended in the school-based budget if the school has Title 1 schoolwide status.

Districts should consult the schoolwide program resources referenced at the beginning of this section for guidance on which programs are blendable in a schoolwide program.

<u>Step</u>	<u>Description</u>
<u>Title 1, Part A: Basic</u>	
1	Complete the Title 1 Eligibility Step 4 tab in EWEG of the NCLB Consolidated Formula Subgrant Application as usual. This is done to determine which schools are eligible to receive Title I funding based upon the poverty level of the school.
2	Once the allocations to the schools are calculated on the Title 1 Eligibility Step 4 tab in EWEG use the school allocations to determine the budgeted percentage of total resources Title I represents of each school's budget.
3	Determine the contracted teacher and administrator salaries in each school. This can be done by performing a payroll sort from the district's payroll system, by school, detailing the teachers at each school and each teacher's contracted salaries paid during the year. (This amount is to be contracted base wages only and should not include stipends or extra-curricular activity payments.)
4	Multiply the contracted teacher and administrator salaries determined in #3 above by the Title I resource percentage for that school determined in #2 above to determine the portion of contracted teacher and administrator salaries paid from Title I funds.
5	Multiply the federal contracted teacher and administrator salaries determined in #4 above by the TPAF, FICA and Medicare rates (use the fiscal year 2013 pension rate and calendar year 2013 FICA and Medicare rates because those are the only rates available at budget time) to determine the budgeted benefits reimbursement due to the State of New Jersey for the portion of that school's contracted teacher and administrator salaries attributable to Title I. The rates are as follows:

<u>Step</u>	<u>Description</u>	
	TPAF	Not Available at Publication
	FICA on Salaries <= \$113,700	7.65%
	Medicare base rate In 2013, the Medicare payroll tax will increase by .9 percent (from 1.45 to 2.35 percent) for individuals earning more than \$200,000 and for married couples with income above \$250,000 and who file jointly.	1.45%
6	Add the TPAF, FICA and Medicare reimbursements calculated in #5 above together by school to determine the benefit reimbursements on a school level.	
7	For each school, subtract the benefits reimbursements from #6 above out of the applicable school's allocation of funds determined in #1 above. The result of this is the amount of Title I funds to be sent to that school to be blended in the school-based budget and included on the School-wide Programs line (function/object 520-930) of the NCLB Consolidated Formula Subgrant Application – Budget Summary page. The school amount calculated in this step should be entered on line 00710 (Title I) in the revenues screen, for the applicable school, of the School-Based Budget Menu section of the district-wide budget software.	
8	The amount included on line 520-930 for a particular school (#7 above) plus the benefit reimbursement for that school (#6 above) will equal the school's allocation determined in #1 above.	
9	Summarize the school-level reimbursement calculations (#6 above) to determine the total reimbursement for all schools. Include this number on line 200-200 of the Budget tab in EWEG of the NCLB LEA Consolidated Formula Subgrant Application in the Title I column. This amount must be broken out by school in the Program Coordination and Budget Detail pages of the NCLB Application.	
10	Summarize the individual school contributions to the blended resource school-based budget (#7 above) to determine the total Title I contribution to the school-based budget. Include this number on line 520-930 of the Budget Summary tab in EWEG of the NCLB LEA Consolidated Formula Subgrant Application in the Title I column. This amount must be broken out by school in the Schoolwide Blended List by School tab within the Budget section of	

<u>Step</u>	<u>Description</u>
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EWEG.

Other Federal funds eligible to be consolidated in a schoolwide program.

Other Federal program funds may also be blended in school-based budgets. Consult the schoolwide program reference materials included at the beginning of this section for which Federal revenues are permitted to be blended in a school-based budget. The TPAF, FICA and Medicare reimbursements to the State of New Jersey associated with the portion of contracted teacher and administrator salaries attributable to these funds need to be calculated and budgeted using the same procedures outlined above for Title I. Follow steps 3-10 above using the applicable funding source resource percentage for each federal funding source blended in each school-based budget.

The amount determined in Step 7 above should be included on the appropriate line of the school’s revenue screen in the district-wide budget software.

<u>Program</u>	<u>School Based Revenue Line</u>
Title II–Part A–Principal and Teacher Training and Recruiting	1160
Title IV – Part A – Safe and Drug Free	1170
Title II – Part D – Technology	1180
Title III-Part A-English Lang. Acquisition	1190
Title V-Part A-Innovative Programs	1200
Other Revenues From Federal Sources	1210

2. “Calculations” Tab

a. SFRA Calculations

Overview

Pursuant to N.J.S.A. 18A:7F-38 and 39, local and regional districts (regular districts) shall not adopt a budget with an increase in their general fund tax levy that exceeds their tax levy growth limitation calculated as the prebudget year adjusted general fund tax levy plus the adjustment for increases in enrollment multiplied by two percent, plus adjustments for an increase in budgeted health care costs, plus an increase in normal and accrued pension liability costs (deferred pension), and plus or minus adjustments for responsibility shifted from/to another entity.

County vocational school districts are subject to the county tax levy cap provisions under P.L. 2010, c.44, not the school tax levy cap provisions detailed in these Budget Guidelines. County vocational school districts should contact their county officials for guidance on the

county tax levy cap provisions. The school tax levy cap detailed in these Budget Guidelines impact local and regional school districts only. For county special services school districts, N.J.S.A. 18A:46-31(b) is still applicable. Therefore, a county special services school district's general fund budget, exclusive of any county contribution, may not exceed the general fund budget, exclusive of any county contribution, in the prebudget year adjusted by the CPI or three percent, whichever is greater, plus an enrollment factor.

The automatic cap adjustments should always be completed to determine eligibility even if the district does not wish to use them in the budget year. The department will calculate a district's banked cap from the eligible adjustments that a district does not use in the budget year. N.J.S.A. 18A:7F-39(e) permits districts to bank the difference between the maximum allowable amount to be raised by taxation for the current school budget year and the actual amount raised by taxation for the current school budget year. This banked cap amount may be used to increase the district tax levy cap in any of the next three budget years. (e.g. Cap not utilized in the 2012-13 budget year will be available to be carried into fiscal years 2013-14 through 2015-16.) The budget program includes a report that will calculate the district's banked cap available for use in the budget year. Districts must be at cap in the current year to request use of banked cap from prior years.

Districts may present a separate proposal or proposals to the voters or board of school estimate to increase tax levy above the district's base levy but any proposal or proposals for programs or services included in the district's current year budget requires an exemption from the executive county superintendent, as the Commissioner's designee. The executive county superintendent may prohibit the submission of a separate proposal to the voters or board of school estimate if he/she determines that the school district has not implemented all potential efficiencies in the administrative operations of the school district, which would eliminate the need for raising additional general fund levy.

Also, N.J.S.A. 18A:7-8(m) requires the school district to certify and provide written documentation to the executive county superintendent that the school district has made efforts to enter into shared arrangements with other districts or local governmental units for the provision of administrative, business, purchasing, transportation, and other required school district services and participates in such arrangements unless such shared arrangements would not result in cost savings or would result in additional expenses for the district.

Additional spending proposal(s) requires the wording of the separate proposal(s) to include a clear statement on whether the approved proposal will be a permanent increase in the tax levy cap or an adjustment for the budget year only. Separate proposals to increase the tax levy require majority voter approval based on the number of people voting. Also, defeated separate proposals are not eligible for complete or partial restoration. The decision of the voters is final.

1) Report of District Status

This status is used to determine the district's responsibility regarding public notice and inspection. This calculation is also important in determining the appropriate procedures to be

followed in the event of a voter defeat or board of school estimate reduction of the proposed budget. This calculation shows the proposed local general fund tax levy relative to the expected local levy in the funding formula. Expected local levy is the lesser of 1) local fair share (LFS) as defined in SFRA, or 2) the district adequacy budget as defined in SFRA. It is designed to provide a reference point for the proposed tax levy for the budget year as it relates to the base amount required to provide the Core Curriculum Content Standards (the base adequacy budget). For example:

- a) In districts in which the LFS exceeds the base adequacy budget, the state share, or Equalization Aid, will be zero. If such a district proposes a levy that exceeds the base adequacy budget, even if it is less than the LFS, the budget software will indicate “over expected local levy.” Alternatively, if the proposed levy is below base adequacy budget, the budget software will indicate “under expected local levy.”
- b) In the case of a district whose LFS is less than base adequacy budget, the state share (Equalization Aid) will equal the difference between LFS and the base adequacy budget. If this district proposes a levy that is more than the LFS, the budget software will indicate “over expected local levy.” Conversely, if the district proposes a levy under the LFS, the budget software will indicate “under expected local levy.”

This screen is also used to describe in specific detail the reasons why and to the extent that a district’s proposed budget contains spending which exceeds its expected local levy. N.J.A.C. 6A:23A-8.2(b) requires districts to prepare this narrative statement and include it with the budget application and other materials for public inspection. Only districts whose proposed levy exceeds the district’s expected local levy are required to complete this section.

2) Minimum Tax Levy Calculation

For all regular and vocational districts, the minimum tax levy is determined (pursuant to N.J.S.A. 18A:7F-5(b)) as the lower of the following:

- 1) The district adequacy budget calculated by the DOE, or
- 2) The required local share calculated by the DOE based upon district property value and wealth, or
- 3) The prebudget year general fund tax levy as adjusted.

The required minimum tax levy is automatically calculated on the Minimum Tax Levy Calculation report and the data used in the calculation is preloaded on the applicable lines as calculated by the department. There will be an edit check that the district's proposed budget includes a tax levy that equals or exceeds the minimum levy as calculated above.

3) Prebudget Year Tax Levy and Enrollment Adjustment

Pursuant to N.J.S.A. 18A:7F-38, local and regional districts shall not adopt a budget with an increase in their general fund tax levy that exceeds their “tax levy growth limitation” of a 2 percent increase over the prior year levy, with limited adjustments. The Tax Levy Cap Calculation Report is preloaded by the budget software from line (Q) of the Adjusted Prebudget Year Tax Levy and Enrollment Adjustment Report. Line (Q) represents the

prebudget year adjusted tax levy, including weighted increases for enrollment, inflated by 2 percent.

Pursuant to N.J.S.A. 18A:7F-38(b) and N.J.A.C. 6A:23A-11.2(c), a district may request approval from the Commissioner to calculate enrollment at 100% of the DOE projected increase if the district can demonstrate that the current enrollment adjustment calculation would result in an average class size that exceeds 10% above the facilities efficiency standards pursuant to 18A:7G-1.

Districts seeking to increase tax levy by utilizing a factor of 1.00 for the DOE projected enrollment increases, must clearly demonstrate that the additional levy resulting from using a static 1.00 factor for all enrollment increases will directly result in a class size reduction. The district will be expected to provide details in support of additional staff to be hired and the resultant impact on class size. For this purpose adding another teacher to an existing classroom would not constitute class size reduction. Required documentation must include, but is not limited to, specific staff and class rosters. The district must also document a class size reduction plan that provides details in support of the district's capability to expand classroom capacity.

The class size and number of classrooms to be used as factors in determining the enrollment adjustment must agree with and be supported by the district enrollment as reported in the most recent fall report used in the Annual Report Card. Districts may update enrollment based upon district projections reported in the 2013-14 budget software but the district enrollment projection for the budget year would only be used to support class size increases for exceeding the facilities efficiency standards. It does not impact the DOE projected enrollment amount used to calculate the cap adjustment. In addition, documentation to support district enrollment projections must be provided if projected enrollment exceeds 1% of ASSA projections.

4) Health Care Costs Adjustment

The adjustment for a budgeted increase in health care costs applies to regular districts with a projected increase in health care costs that exceeds two percent of the prebudget year. Pursuant to N.J.S.A. 18A:7F-38(d), the allowable adjustment cannot exceed the average percentage increase of the School Employees Health Benefits Program (SEHBP), as determined annually by the Division of Pensions and Benefits. Health benefits are defined as group health and prescription only. It does not include dental, vision, life or any other additional employee benefit offered by the district.

In addition to the submission of the applicable budget forms, N.J.A.C. 6A:23A-11.4(c) requires the district to submit the detail necessary to support the health and prescription appropriations for the budget year and pre-budget year, including but not limited to the following:

- written verification or estimate, as applicable, of the rate increases for medical and prescription drug insurance from the insurance broker or insurer;

- summary schedule of invoices for the 12 months or four quarters, as applicable, prior to the waiver request for medical and prescription drug insurance;
- actual cost, if available, or estimated cost of medical and prescription drug insurance for the budget year;
- summary schedule of medical and prescription insurance for the budget year and prebudget year including plan type (HMO, etc.), cost of coverage category (single, etc.), and number of employees in each plan category;
- reimbursement required by employees, if applicable;
- written assurance that health benefit invoices are reviewed at least quarterly or that personnel and payroll systems contain controls to ensure that coverage and payments are made only for current eligible employees; and
- for districts not participating in the SEHBP, provide detailed analysis of the cost savings achieved from the current provider and documentation to support alternative insurers were examined at least once in the past three years pursuant to the requirements under N.J.S.A. 18A:55-3a.

5) Deferred Pension Contributions - Adjustment for Increase in Normal and Accrued Liability Pension Contributions (PERS Pension Deferral)

Public Law 2009, Chapter 19 allowed districts to defer 50 percent of the district's 2008-09 PERS pension liability. The law also allows an automatic increase in the tax levy cap for increases in amounts of "certain normal and accrued liability pension contributions." N.J.S.A. 18A:7F-38 (as updated by P.L. 2010, c.44 cap law changes) specifies the allowable adjustment for increases in the amount of normal and accrued liability pension contributions to equal "that portion of the actual increase in total normal and accrued liability pension contributions for the budget year that exceeds two percent of the total normal and accrued liability pension contributions in the prebudget year." Districts could first be eligible for this adjustment in the 2011-12 school year, when the repayment of the deferred PERS pension contribution was required to begin.

In addition to the submission of the applicable budget forms, districts should submit detail necessary to support the amounts included in the adjustment, including but not limited to:

- Board resolution approving deferral of the 2008-09 PERS payment, including documentation of the total amount deferred; and
- Support for the amount of the deferral to be repaid during 2012-13 and 2013-14.
- If the district is budgeting early payoff amounts on the deferred PERS contributions, then a board resolution approving the early payment must be included with the budget documents.

6) Responsibility Shifted From/To Another – Adjustment for Shift from or to Another District or Entity

N.J.S.A. 18A:7F-38(f) allows the adjusted tax levy to be increased or decreased accordingly whenever the responsibility and associated cost of a school district activity is transferred to another school district or government entity. An example of a shift in responsibility is the law regarding transportation costs for students placed in resource family homes (foster) (P.L. 2010, c.65). The district where the parent lives is now responsible for arranging and paying for transportation to/from school, where in the past the district where the resource family was located was responsible.

In addition to the submission of the applicable budget forms, districts should submit detail to support the amounts included in the adjustment.

7) Cap Banking Eligibility

N.J.S.A. 18A:7F-39 was amended in 2010, effective beginning in 2011-12, to allow a school district that has not been granted approval to exceed the tax levy cap by a separate proposal to “bank” the unused tax levy for use in any one of the next three succeeding budget years. Budget year 2011-12 was the first year in which banked cap could be generated, to be utilized in 2012-13 through 2014-15.

The maximum allowable amount to be raised by taxation under N.J.S.A. 18A:7F-39 includes the 2 percent increase over a district’s prior year adjusted tax levy including enrollment adjustment, plus the automatic adjustments for increase in health care costs and increase in deferred pension costs, and plus or minus the adjustment for shift in responsibility to or from another district or entity. This will be compared to the levy raised on revenue line 100 “Local Tax Levy” to determine the amount of banked cap.

In order to determine banked cap the budget software requires all districts to complete the automatic adjustments worksheets to determine eligible amounts.

In accordance with N.J.A.C. 6A:23A-10.3(b) **a district can request use of “banked cap” only after it has fully exhausted all eligible statutory spending authority in the budget year.** The code also requires districts requesting use of banked cap to submit a board resolution along with the minutes of the board meeting the “banked cap” request was discussed and adopted.

The board resolution must contain the following:

- the need for and amount of the unused spending authority to be included in the base budget; and
- a statement that said need must be completed by the end of the budget year and cannot be deferred or incrementally completed over a longer period of time.

Districts should only request the amount of banked cap needed to bring the tax levy cap worksheet to the amount of levy needed in the budget year.

8) Tax Levy Cap Calculation

Pursuant to N.J.S.A. 18A:7F-38 and 39, local and regional districts (regular districts) shall not adopt a budget with an increase in their general fund tax levy that exceeds their tax levy growth limitation calculated as the prebudget year adjusted general fund tax levy plus the adjustment for increases in enrollment multiplied by two percent, plus adjustments for an increase in budgeted health care costs, plus an increase in normal and accrued pension liability costs (deferred pension), and plus or minus adjustments for responsibility shifted from/to another entity.

This report summarizes the maximum amount of general fund tax levy a regular district may raise, excluding separate proposals. The report automatically pulls in each district's prebudget year adjusted tax levy, including weighted increases for enrollment, inflated by 2 percent. The report further pulls in any automatic cap adjustments and use of banked cap. All lines pull directly from the applicable detailed calculations included in the budget software.

Regular districts are reminded that increases to cap as a result of automatic adjustments should be included in the final budget so that the department may calculate the amount of banked cap available for use in future years. The amount on line 100 of the original budget must not exceed the tax levy cap on line (G) of the Tax Levy Cap Calculation, unless the result of a separate proposal passed by the voters.

9) Separate Proposals Summary

Districts may submit at the annual school election a separate proposal or proposals for additional funds. The wording of separate proposal(s) to the voters or board of school estimate for additional funds requires interpretative statements specifically identifying the program purposes for which the proposed funds will be used. In addition, the wording of the separate proposal(s) must include a clear statement on whether the approved proposal will be a permanent increase in the tax levy or an adjustment for the budget year only.

Separate proposal(s) to increase the tax levy shall require approval of a majority of affirmative votes. In the case of a school district with a board of school estimate, the separate proposal must be approved by a majority of a quorum. If defeated by the voters or board of school estimate, it is a final determination without appeal. The municipality does not have the authority to reinstate any amount of the failed question.

A district may submit to the voters a separate proposal(s) for administrative costs that exceed the district's administrative limit, but may not include the following types of programs or services in a separate proposal:

1. Programs and services required to meet CCCS;
2. Capital outlay projects necessary for health and safety;

3. Programs and services previously included in the pre-budget year except with approval by the executive county superintendent that reallocation is required to maintain or achieve T&E or that such programs and services are not necessary for T&E.

Districts considering submission of an additional spending proposal should review N.J.S.A. 18A:7F-5(d)(9), N.J.S.A. 18A:7F-39, and administrative code N.J.A.C. 6A:23A-12.13. Separate proposals must be submitted to the county office for approval prior to advertisement. The executive county superintendent may prohibit the submission of a separate proposal to the voters or board of school estimate if he/she determines that the school district has not implemented all potential efficiencies in the administrative operations of the school district, which would eliminate the need for raising additional general fund levy.

Also, N.J.S.A. 18A:7-8(m) requires the school district to certify and provide written documentation to the executive county superintendent that the school district has made efforts to enter into shared arrangements with other districts or local governmental units for the provision of administrative, business, purchasing, transportation, and other required school district services and participates in such arrangements unless such shared arrangements would not result in cost savings or would result in additional expenses for the district.

The language for the ballot question is in Section II. Shown below is a sample advertisement for a proposal for additional funds for the expansion of an existing music program:

In addition to the regular advertised budget, the board of education will seek approval from the district's legal voters (or board of school estimate) to raise an additional \$297,900 for the expansion of our existing music program. The additional levy will provide funds for four new teachers, two aides, supplies, textbooks, and the employee benefits related to the new positions. The taxes, if raised, will be used exclusively for this purpose. Approval of these taxes will result in a permanent increase in the district's tax levy. These proposed additional expenditures are in addition to those necessary to achieve the Core Curriculum Content Standards.

b. Estimated Tuition Calculations

Estimated Tuition Calculation for Regular Districts

As required under N.J.A.C. 6A:23A-17.1(f)(1), all regular districts that receive pupils and do not use the A4-1/A4-2 method are required to use the calculated estimated tuition rate and reports generated from the budget software in place of the worksheets provided by the Office of School Finance. The executive county superintendent is required to review any unique circumstances or variations in methodology and mediate all disputes that arise from the determination of estimated tuition rates, including challenges to the estimated ADE counts generated by the software. The rate calculated by the budget software is the maximum rate that may be charged by the receiving district, as defined in N.J.A.C. 6A:23A-17.1(f).

The certification of tuition rates occurs after two years. In the proposed budget, districts are required to include any applicable tuition adjustment for the certification of prior year rates. The budget software will require districts to withdraw tuition reserve amounts to correspond to the year of rate certification.

Estimated Average Daily Enrollment (EADE) is calculated by the square of the growth rate to the district's Average Daily Enrollment (ADE) from two years prior to the budget year. The growth rate is derived from the district's ADE from two years and four years prior to the budget year. The growth rate is limited to a maximum (for positive growth) of 10% and a minimum (for negative growth) of -10%. This average is calculated in accordance with N.J.A.C. 6A:23A-17.1, as follows:

$$EADE = Y2 \times [(1 + G)^2]$$

$$G = 0.5 \times [(Y2 - Y4) / Y4]$$

Where:

G is the growth rate

Y2 is the ADE two years prior to the budget year

Y4 is the ADE four years prior to the budget year

3. Supporting Documentation Tab Details

a. Changes from Previous Year

The supporting documentation items have changed from 2012-13 to 2013-14. Below is a summary of the changed items:

- SD1a (statement of priorities) and SD2 (CCCS) have been combined into a single supporting documentation item "Statement of Priorities and CCCS".
- SD1b (explanation of over adequacy) has been combined into the SFRA report for district status above/below local levy.
- SD3 (FTE) has been eliminated. Position Control Roster (PCR) submission is still required.
- SD6 (tuition revenue and appropriation details) has been eliminated. A worksheet for calculation of the tuition amounts has been posted to the department website with the budget documents.
- SD7 (explanation of appropriation increases/ decreases over 4%) has been eliminated. The appropriations screen now contains increase/decrease columns and a description column for changes.
- SD8 (details of other revenues) has been eliminated. The revenue screen now contains a description column for details of the other revenues.
- SD12 (capital reserve details) has been eliminated. This information has been incorporated into the recap of balances screen.

Number references for the supporting documentation items have been eliminated. The items are referenced by their names on the menu selections.

Items which were under supporting documentation in the prior year which have moved to the budget tab this year are:

- Preschool Education Aid (SD15)
- Capital Projects and Reserve (SD4 and SD19)
- Appropriation of Excess Surplus (SD9)
- SEMI (SD18)

1) Supporting Documentation Item – District Statement of Priorities and CCCS

This supporting documentation item is used to document a district’s initiatives and priorities. It must be completed using the five categories of budget areas of focus. Districts must document the initiatives and priorities in each of the following five categories:

- Maintaining Our School System
- Raising Standards and Expanding Opportunities
- Building Professionalism
- Protecting Our Investment (Capital & Maintenance Projects/Capital Reserve)
- Planning for the Future

This supporting documentation item is also used to provide narrative information regarding new programs or enhancements to existing programs that will ensure the implementation of the nine Core Curriculum Content Standards in the budget year.

Districts can access <http://www.state.nj.us/education/aps/cccs/> for details regarding the core curriculum content standards maintained by the Office of Academic and Professional Standards. Following are the nine current standards with the most recent adoption dates:

Content Standard	Date Adopted
Math	June 2011
Science	June 2010
English Language Arts (formerly Language Arts Literacy)	June 2011
Social Studies	September 2010
21 st Century Life & Careers	June 2010
Visual & Performing Arts	June 2010
Comprehensive Health & Physical Education	June 2010
World Languages	June 2010
Technology	June 2010

2) Contract Information for Select Staff

General Information:

Pursuant to N.J.S.A. 18A:22-8a, as amended, districts are required to report budget information in user friendly budget summary forms, as promulgated by the department, and submit the user friendly budget information to the Department of Education and have it

available to the public. In addition, pursuant to N.J.S.A. 18A:7F-5.3 and N.J.A.C. 6A:23A-8.1(d), a listing of salary and benefit information for select employees is an additional budget submission requirement and must also be available for public inspection on the school district's website, if one exists, and on the Department's website in a "user friendly" format. This information must be maintained on the district's website for the entire budget year with a visible link from the main page. Unless there were reporting errors made, this information does not get updated since it is collected using information effective as of January 1 of the prebudget year.

This supporting document was developed to capture this information at budget time in a standardized format. This is applicable to all operating types including County Vocational and County Special Services School Districts.

Additional information is collected on the data entry screen as support. The Department will receive all the data entered into the data entry screen. When the district selects "User Friendly Budget" on the software menu, the summary level of detail required for posting on the district web site will be created into the user friendly budget file in HTML format. See the user-friendly budget section of this document for further details on the user friendly budget files.

The following contractual salary and benefit information is required in the user friendly budget summary forms for the superintendent, assistant superintendent(s), school business administrator, and any employee with an annual salary that exceeds \$75,000 who is not a member of a collective bargaining unit:

- Statement of contractual terms including duration and compensation.
- Annualized cost of benefits including allowances, bonuses, stipends and all contributions made by the school district for health, dental, life and other insurance, medical and reimbursement plans, and retirement plans that exceed the contributions required under the collective bargaining agreement of the teaching staff.
- Any benefits provided which are to be conferred after or upon separation.
- Any in-kind or other form of remuneration not included in salary and benefits.

Districts should complete the benefit and compensation form using contractual information in effect as of January 1st of the prebudget year. **This information is a snapshot as of January 1, 2013 and should not be updated for personnel changes subsequent to January 1, 2013.**

Pursuant to the accountability laws, regulations and standards for review of certain administrator contracts (N.J.A.C. 6A:23A-3.1), certain benefits have been limited and/or are no longer permitted to be included in new administrator contracts that the executive county superintendent is required to review and approve under N.J.S.A. 18A:7-8(j). A Q&A regarding administrator contract review was distributed to district superintendents on July 12, 2011, and is posted on the the department's website at [http://education.state.nj.us/broadcasts/2011/JUL/12/3503/Administrator%20Contracts%20Q&A%20\(7-11\).pdf](http://education.state.nj.us/broadcasts/2011/JUL/12/3503/Administrator%20Contracts%20Q&A%20(7-11).pdf)

Shared Services Agreements:

For districts with formal shared services agreement contracts for these positions, the district providing the shared services should list all of the employees, the salaries, and the benefits amounts. The employer district should report the shared position at the full dollar amount and full FTE, and in the column entitled “Shared?” should enter Yes, then enter the shared district’s county and district names. If shared with multiple districts, the “Additional Comments” section on the Employee Benefit Detail screen for the employee should be used to enter more district names. The district(s) receiving services under a formal shared services contract should simply list “shared services agreement” in the column for “Employee Name”, the “Job Title” column should state the title of the position being shared with no “Base Annual Salary” provided. The amount being paid under the shared service agreement should be reported in the “Additional Comments” section.

If a district holds a contract directly with an individual, then the district should record the full information requested by this supporting document for that individual.

3) Per Pupil Costs

The Per Pupil Cost Calculations report is generated automatically by the budget program. The first three columns, 2010-11 Actual, 2011-12 Actual, and 2012-13 Original Budget are downloaded by the department and act as the “draft” of the department’s 2013 Taxpayers’ Guide to Education Spending (formerly Comparative Spending Guide) publication for each district’s review and comment. The per pupil costs calculations for the 2012-13 Revised Budget and 2013-14 Proposed Budget are calculated by the software using the 2012-13 revised appropriations and 2013-14 appropriations keyed in the Detailed Appropriations section of the 2013-14 budget and the 10/15/12 actual and 10/15/13 estimated enrollments shown in the Enrollments section of the 2012-14 budget. The explanatory notes for the sixteen calculations presented for each year are included as Appendix A of this document.

Pursuant to N.J.A.C. 6A:23A-5.2(a)(3), districts with legal costs that exceed 130 percent of the statewide average per pupil amount should establish specific internal control procedures for the reduction of costs or provide evidence that such procedures would not result in a reduction of costs. If a district’s audited per pupil legal cost exceeds the 130 percent threshold as calculated using statewide audited data (published in the Taxpayers’ Guide to Education Spending (formerly Comparative Spending Guide)) then the district will be required to implement the procedures in the regulation referenced above.

The 2013-14 budget includes a warning edit if the district’s 2012-13 budgeted per pupil legal costs, revised as of February 1, 2013, exceeds 130 percent of the statewide average per pupil budget legal costs (using original 2012-13 budgets). This is to provide districts planning time for the implementation of the new procedures if the actual costs for year ended June 30, 2013 remain above 130 percent of the statewide per pupil average. The procedures are required if a district’s actual 2012-13 per pupil cost exceeds the 130 percent regulatory threshold unless evidence is provided that such procedures would not result in a reduction of costs.

4) Administrative Cost Limits

Pursuant to N.J.S.A. 18A:7F-5(c), all regular non-vocational districts must submit a proposed 2013-14 budget to the executive county superintendent in which the advertised per pupil administrative cost does not exceed the lower of: (1) the district's adjusted, as of February 1, per pupil administrative cost for 2012-13 or; (2) the 2013-14 per pupil administrative cost limit for the district's region, inflated (regional limit). The per pupil administrative regional limits for 2013-14 are \$1,985 for the Northern region, \$1,848 for the Central region, and \$1,841 for the Southern region.

The report is to be used to assist districts in review of their proposed administrative spending related to the applicable regional limit and current year spending inflated.

The district may not submit a budget in which the 2013-14 proposed per pupil administrative cost exceeds the lesser of either the prior year adjusted as of February 1st or the per pupil cost regional limit.

Budgets submitted to the executive county superintendent over the limit must be revised and resubmitted within the limit no later than five working days prior to the last day to advertise for public hearing, through either a reduction in administrative costs and/or submission of a separate proposal for the excess costs. The Commissioner has the authority to develop the final administrative budget for advertising if the district does not comply.

Transfers into administrative cost accounts (general administration, school administration, central services, or administrative information technology) that cumulatively exceed 10% of the amount of the account included in the school district's budget as certified for taxes, amended to include prior year encumbrances carried forward to the current year, require advance approval by the executive county superintendent. With the exception of transfers to support a contractual obligation or one-time increase in spending as justified by documentation provided by the district board of education, approvals to exceed administrative cost limits will not be granted where the school district's budget currently exceeds the administrative cost limits or the transfer would place the school district's budget in excess of the administrative cost limits in the applicable budget year.

Administrative costs in excess of the district's limit may be presented to the voters or board of school estimate as a separate proposal, pursuant to N.J.A.C. 6A:23A-8.3(e), subject to all requirements for separate proposals at N.J.A.C. 6A:23A-12.13.

Shared Administrative Services

Arrangements for sharing the costs of administrative and other non-instructional personnel and related costs under joint agreements where the employees remain under the employment of one lead district would be accounted for in an internal service fund in the records of the lead district. Each of the "sharing" districts, including the employing lead district, should reflect their agreed-upon portion of the costs in the general fund. For the employing district, that cost would be budgeted as a salary expenditure. The "sharing" districts would account for the payments made to the lead district as a contracted service under the appropriate function. If the shared employees have employment contracts with each of the districts

involved, each district's share of the employees' salary and related costs would be budgeted and expended against the appropriate salary and other accounts and there would be no need for any of the districts involved to establish an internal service fund.

- The district board of education providing the shared service shall allocate the costs on a user charge basis to all participating entities on an annual basis at a minimum.
- User charges should be reported by entities or funds being serviced by the internal service fund in the applicable line item account for the goods or services received.
- Sales and purchases of goods and services for a price approximating their external exchange value should be reported as revenues ("Services Provided to Other Funds"). The total user charges should approximate the total costs of the internal service fund.

For more information regarding internal service funds, please refer to the annual audit program, section II-70.

5) Employee Benefits Summary

The budget software contains a data entry screen to summarize the employee benefits appropriations by object code and to collect the amount of employee withholding for health benefits costs required by P.L. 2011, c.78. The amount from data entry will be combined with the district budgeted health benefit costs to disclose the total amount of employee health benefits at the bottom of the Employee Benefits Summary Comparison Report.

Health care costs budgeted in appropriations object 270 should be recorded net of employee withholding. The amount of employee withholding should be reported on the data entry screen in the 2013-14 and 2012-13 columns.

6) Shared Services

Districts are required pursuant to N.J.S.A. 18A:22-8a to report budget information in user friendly budget summary forms, as promulgated by the department, and submit the user friendly budget information to the Department of Education and have it available to the public. One requirement of the plain language budget summary information is a list of shared service agreements in which the district is participating. This supporting documentation item captures this information at budget time in a standardized format.

This information is automatically incorporated into the user friendly budget file in HTML format by selecting the User Friendly Budget under the UFB/Advertised Budget tab.

7) Unusual Revenues and Appropriations

Pursuant to N.J.S.A. 18A:22-8a, as amended, districts are required to report budget information in user friendly budget summary forms, as promulgated by the department, and

submit the user friendly budget information to the Department of Education and have it available to the public. A listing of unusual revenues and appropriations included in the 2013-14 budget is a requirement of the user friendly budget information. This supporting documentation item is used to capture this information at budget time in a standardized format.

Unusual revenues and appropriations would be those items that are not used or earned in the normal course of operating a school district, such as revenue from the sale of a building, cell tower or advertising fees.

8) Equipment

This supporting documentation item is used to provide detailed descriptions of the equipment included in the fund 12 budgeted appropriations, and to aid the county office in review of budgeted equipment costs.

4. Enrollment Tab Details

The enrollment projections data entry screen and report reflect categories in ASSA required to implement the School Funding Reform Act of 2008 (SFRA).

Following ASSA, school choice students should be recorded on-roll of the district receiving the students, not the resident district.

The executive county superintendent will review for reasonableness and certify the district projections and explanations. This information is important since district projections of enrollments are used in the department's review of the budget and in the calculation of district administrative cost limits.

5. Tax Levy Certification and Estimated Tax Rate Information

a. A4F

Completion of the A4F is included as part of the budget program. Based on your district type, the software will display the appropriate data entry screens to complete the A4F. Non-regional districts will be given a Form A (Certification) to complete, and regional districts (including the 13 districts that merged with phase 1 non-operating districts at July 1, 2009) will be required to complete both a Form A and a Form B (Tax Allocations to Municipalities). In order for the "Estimated Tax Rate Information" screen to be completed districts must complete the A4F forms first in the budget software. **For districts with April elections, the A4F should not be filed with the Municipal Clerk or Tax Assessor prior to the school election. For districts with a November election, the A4F must be filed with the Municipal Clerk or Tax Assessor by May 19th.** For districts with November elections that submit separate proposals to the voters, the original A4F must be submitted by May 19th and then if the separate proposal is passed at the November election, the A4F must be revised

to incorporate the passed separate proposal and the revised A4F submitted within 15 days of the November election.

A4F for Consolidated School Districts

The board secretary should complete both Form A and Form B by referencing section C above, Regional School Districts, and following the instructions applicable to the manner in which the tax levy amounts are to be raised in 2013 (fiscal or split-year basis). For consolidated school districts, the percentage shares referred to for completion of the 2013-14 Tax Allocation to Municipalities (Form B) should be obtained from the County Board of Taxation, pursuant to N.J.S.A. 18A:8-37 and 54:4-49. Districts should submit a copy of their budgets to their County Board of Taxation, so that the apportionment calculations can be performed. Upon completion, the County Board of Taxation will distribute a form to the consolidated districts within their county that contains the net valuation, apportionment share, debits and credits, and total school tax due from each constituent municipality. The district will use this data to complete Form B of the A4F.

A4F for Districts With Defeated Budgets

The A4F should not be filed with the municipal clerk or tax assessor until action has been taken by the municipality or the Commissioner. The budget data contained in the budget program should be updated to reflect the budget based on the tax levy being certified by the municipality. The board secretary should complete and distribute copies of Form A and Form B (if necessary) by following the appropriate instructions above.

A4f for Type I and Type II Districts With A Board of School Estimate

The board secretary should complete only Form A by referencing section B above, Type II School Districts Without a Board of School Estimate, Non-Regional Districts Which Budget for Grades K-12 and Constituent Districts of Regional High School Districts, and following the instructions applicable to the manner in which the tax levy amounts are to be raised in 2013 (fiscal or split-year basis). Distribution of the A4F is limited to the school district, and the executive county superintendent.

b. Estimated Tax Rate Information

Pursuant to N.J.S.A. 18A:22-8a, as amended, districts are required to report budget information in user friendly budget summary forms, as promulgated by the department, and submit the user friendly budget information to the Department of Education and have it available to the public. The school tax rate and equalized tax rate are two requirements of the user friendly budget information. This screen captures this information at budget time in a standardized format.

This information is automatically incorporated into the user friendly budget file in HTML format by selecting the User Friendly Budget option under the UFB/Advertised Budget tab.

6. “Edit Report” Tab Details

Selecting the “Edit Report” tab will run the edit tests on the data entry in the budget software. All fatal edits (noted with “**error**” in the first column) must be cleared before a district will be able to submit the budget to the executive county superintendent for review. The edits labeled as “warning” will not prevent a district from submitting a budget to the county office, but must be reviewed to ensure that data entry in the noted area is proper. Some of the warning edits are there to provide information to the county offices for the review process. A list of the edits is included at Appendix B of this document.

7. County Review and Approval

The county review and approval of the 2013-14 budget will be performed electronically in the web-based budget software. Refer to the EDC Manual for specific instructions for completion of the approval form in the software.

8. User Friendly Budget and Advertised File for Newspapers

USER FRIENDLY BUDGET INFORMATION

Pursuant to N.J.S.A. 18A:22-8a, the Commissioner shall promulgate “user-friendly,” plain language budget forms for the use by school districts. The “user-friendly” budget must be posted on each school district’s internet site, if one exists, within 48 hours after the public hearing on the budget. Following the election and municipal review of defeated budgets, the final user-friendly budget must be posted on each district’s internet site, if one exists, and on the department’s internet site. This information must remain on the district website for the entire year, until the next budget cycle.

The department worked in conjunction with the New Jersey Association of School Business Officials (NJASBO) budget and accounting committee to create the format for the user-friendly budget. It is the department’s expectation that this collaboration will continue to refine the report based on feedback and continued suggestions by districts and the public.

The law and regulations (N.J.A.C. 6A:23A-8.1) requires the “user-friendly” budget to include, but not be limited to the following information: all line items aggregated by item type; the school tax rate; the equalized school tax rate; revenues by major category; the amount of available surplus; a description of unusual revenues or appropriations, with a description of the circumstances of the revenues and appropriations; and a list of shared services agreements in which the district is participating. In addition, N.J.S.A. 18A:7F-5.3 requires the “user-friendly” budgets to include detailed contract terms and benefits (in effect as of January 1, 2013) for the superintendent, assistant superintendent, the school business administrator, and any employee with an annual salary that exceeds \$75,000 who is not a

member of a collective bargaining unit. This information is also required to be submitted to the executive county superintendent with the annual budget.

The 2013-14 budget software will automatically create the user-friendly budget files (in HTML format) that are required to be posted, upon data entry of non-budgetary information in three supporting documentation items. For all components of the user-friendly budget, the software includes items for completion of the report to be posted. A list of these items is included in the EDC Manual. Supporting documentation items are provided for the listing of unusual revenues and appropriations, contract information for select staff, shared service agreements, and estimated tax rate disclosure. The estimated tax rate calculation under the tax levy certification tab calculates the school tax rate and equalized school tax rates with and without the impact of an approved separate proposal as published based upon district data entry. Upon completion of the supporting documentation items, districts can select the user-friendly budget on the UFB/Advertised Budget tab to create the HTML file "userfr.htm".

In addition, the recapitulation of balances report in the software has been condensed for advertising as well as for the user-friendly budget.

CONTRACTUAL SALARY AND BENEFITS SUMMARY FORM

General information:

Pursuant to N.J.S.A. 18A:7F-5.3, detailed information on the salary and benefits for certain employees must be submitted by districts as part of the budget process. This information must be posted on individual district websites (or made available to the public by the district if no district website exists). **This information must remain on the district website for the entire year, until the next budget cycle.** The information will also be posted for all districts on the Department of Education's website.

The collection of this information is included on the Supporting Documentation tab of the budget software, under "Contract Information for Select Staff". Employees to be included in the worksheet are the superintendent of schools, the assistant superintendent of schools, the school business administrator, and any employee with an annual base salary that exceeds \$75,000 who is not a member of a collective bargaining unit. For all information provided in the 2013-14 worksheet, districts must use the language of whatever contract was in effect as of January 1, 2013. Supply the information for all employees in these categories who were employed at that time.

In the amount columns of the worksheet, the information must be reported as an annualized amount based on the contract in effect January 1, 2013. The number entered should represent the maximum amount that the employee could be paid in each salary/benefit category in a year.

Definitions:

Allowances are the annualized expense amounts that an employee can submit to the district for payment in a number of expense categories such as automobile, meals, tuition, professional fees, etc.

Bonuses are annual monetary incentives that are granted above the base pay for meeting specific criteria. They do not become part of the contracted base pay.

Stipends are monetary amounts paid for performing specific duties which are outside the scope of the employee's contracted work duties.

District contributions to insurance are payments made on behalf of an employee above the base salary for items such as health, dental, or prescription insurance, life and other insurance, and retirement plans. These constitute fringe benefits.

Other or In-kind remuneration can be annual payments for such items as buy-back of sick, personal, or vacation time for the year. In this section enter any other benefits provided to the employee that do not fit into the other categories listed above, with a description of the benefit.

SECTION II

A. Miscellaneous Sample Reports

1. Sample of District Budget Statement Certifications

**State of New Jersey
Department of Education
Office of School Finance**

**2013-2014 DISTRICT BUDGET
STATEMENT OF CERTIFICATION - SEPARATE PROPOSAL(S)**

DISTRICT _____

COUNTY _____

After the hearing and adoption of the budget and separate proposal, sign the pertinent statement and send this additional certification - separate proposal to the Executive County Superintendent of Schools.

STATEMENT A

I certify that the 2013-2014 separate proposal(s) approved as to form and accuracy by the Executive County Superintendent of Schools was(were) adopted as approved after the public hearing.

Chief School Administrator

Secretary, Board of Education

**STATEMENT B
(Check one)**

() I certify that the 2013-2014 separate proposal(s) was(were) revised after the approval by the Executive County Superintendent of Schools and adopted after the public hearing, and all changes are reflected on the attached interpretative statement and itemized accounting.

or

() I certify that the 2013-2014 separate proposal(s) was(were) initially developed and adopted after the public hearing and said proposal(s) is(are) reflected on the attached interpretative statement and itemized accounting.

or

() I certify that the 2013-2014 separate proposal(s) was (were) withdrawn from consideration after the approval by the Executive County Superintendent of Schools and after the public hearing.

Chief School Administrator

Secretary, Board of Education

I have reviewed the 2013-2014 budget statement additional certification for separate proposal(s) and related materials after the public hearing and have determined that the above executed certification is correct and approved.

Executive County Superintendent

Date

2. Sample Ballot Questions

REGULAR GENERAL FUND LEVY - BASE BUDGET

RESOLVED, That there should be raised for General Funds \$ Line 100 in 2013-14 for the ensuing School Year (2013-2014)

SEPARATE PROPOSAL FOR ADDITIONAL FUNDS

RESOLVED, That there should be raised an additional \$ _____ for General Funds in the same school year (2013-2014). These taxes will be used exclusively for district wording regarding purpose or purposes for additional funds. Approval of these taxes will or will not result in a permanent increase in the district's tax levy. These proposed additional expenditures are in addition to those necessary to achieve the Core Curriculum Content Standards.

3. Sample Statement of Purpose for Capital Reserve Withdrawals/ Deposits for Excess Costs and Other Capital Projects (Non- Referendum Projects)

As required under N.J.A.C. 6A:23A-14.1(h), a district may withdraw capital reserve funds to capital outlay to fund excess costs of a school facilities project or to fund "other capital projects" which would not have otherwise been eligible for state support, at any time after receiving voter, or board of school estimate approval. Approval may be obtained through the original budget certified for taxes, which shall include an advertised *Statement of Purpose*.

The budget software does not produce the *Statement of Purpose* when the "Advertised Budget" is selected on the "UFB/Advertised Budget" menu. A district must develop the statement and include the following required elements pursuant to N.J.A.C. 6A:23A-14.1(h)5(ii): a statement of purpose for the capital project that the withdrawal/deposit will fund; amount requested for withdrawal/deposit; total project cost; and for excess costs only, the final eligible cost. If requesting a withdrawal for multiple projects, each project must be identified separately.

A district may also satisfy the approval requirement upon deposit at budget time as referenced in N.J.A.C. 6A:23A-14.1(d). If this method of approval is obtained the reserve deposit is restricted for the approved purpose and can be withdrawn at any time for such purpose by board resolution.

Samples of the Capital Reserve Statement of Purpose follow:

Capital Reserve Withdrawal - Excess Costs

Included in budget line 620, Budgeted Withdrawal from Capital Reserve – Excess Costs & Other Capital Projects, is \$ Line 620 or portion of Line 620 that is excess costs for excess costs of district wording to describe the specific facilities project and purpose. The total cost of this school facility project is \$ total cost of the project for which \$ final eligible cost of the project was determined as the final eligible cost and within the facilities efficiency standards and the \$ amount of excess costs was determined as excess costs and represent expenditures for construction elements or projects that exceed the facilities efficiency standards determined by the Commissioner as necessary to achieve the core curriculum content standards.

Capital Reserve Withdrawal - Other Capital Projects

Included in budget line 620, Budgeted Withdrawal from Capital Reserve – Excess Costs & Other Capital Projects, is \$ Line 620 or portion of Line 620 that is for other capital projects for other capital project costs of district wording to describe the specific project(s) and purpose. The total costs of this project is \$ total cost of the other capital project(s) which represent expenditures for construction elements or projects that are in addition to the facilities efficiency standards determined by the Commissioner as necessary to achieve the core curriculum content standards.

Capital Reserve Deposit

Included in the general fund appropriations is \$ Line 76360 amount or \$ portion of line 76360 which is for a designated use for deposit into the board of education's approved Capital Reserve Account for future funding of district wording to state and describe specific project and purpose. This deposit is for excess costs of the stated school facilities project or an other capital project and represents expenditures for construction elements or projects that are in addition to the facilities efficiency standards necessary to achieve the core curriculum content standards.

4. Sample Advertised Statement for Use of Surplus, Capital Reserve, and/or Tax Levy for Approved Referendum Project(s)

Districts may use the April school election to receive voter approval for use of capital reserve and/or surplus for a previously approved referendum project(s). Approval may be obtained through the original budget certified for taxes, which must include a statement in the advertised budget. The budget software will not produce this statement of purpose.

Sample Statement for Additional Funds for Referendum Projects

Capital Reserve Funds

Included in the general fund budget is \$ Line 620 or portion of line 620 for excess cost to be withdrawn from the board of education's approved Capital Reserve Account to supplement the approved date of referendum referendum of \$ amount of local share in approved referendum for district wording to state and describe specific project and purpose. The additional Capital Reserve funds are needed in addition to the approved \$ amount of local share in approved referendum for the capital projects because of district detailed description and reason needed to exceed the original approved amount.

Surplus

Included in the general fund budget is \$ Line 580 or portion of line 580 for excess cost of the board of education's surplus funds to supplement the approved date of referendum referendum of \$ amount of local share in approved referendum for district wording to state and describe specific project and purpose. The use of surplus funds is needed in addition to the approved \$ amount of local share in approved referendum for the capital projects because of district detailed description and reason needed to exceed the original approved amount.

Tax Levy

Included in the general fund budget is \$ Line 100 or portion of line 100 for excess cost to be raised in additional tax levy to supplement the approved date of referendum of \$ amount of local share in approved referendum for district wording to state and describe specific project and purpose. The additional tax levy is needed in addition to the approved \$ amount of local share in approved referendum for the capital projects because of district detailed description and reason needed to exceed the original approved amount.

SECTION III

DEFEATED/REDUCED BUDGET PROCEDURES OVERVIEW

In the event of a budget defeat, prepare the revised budget reflecting the tax levy reduction that was certified for taxes, and submit the revised budget and other budget materials and the board of education's resolution concerning the reduced budget to the executive county superintendent within 15 days after the local governing body or Board of School Estimate takes action, pursuant to N.J.S.A. 18A:7F-5(e)(4). In addition, three copies of the local governing body's or Board of School Estimate's resolution shall be submitted.

Pursuant to N.J.S.A. 18A:7F-5(e)4, districts will submit the final budget as outlined in the EDC manual and the A4F to the county office within 15 days after the budget was certified for taxes. The budget data submitted should be that budget based on the tax levy certified by the municipality, regardless as to whether an application for restoration of reductions will be made to the Commissioner. The county office will perform its required review of the amended budget.

Districts will be requested to submit a budget reflecting revisions resulting from the Commissioner's decision on any budget reduction application for restoration following the certification of taxes.

All base budgets that have been defeated by the voters are submitted to the governing body of each of the municipalities included within the district. N.J.S.A. 18A:7F-5e, as amended, provides for action on the voter defeat or board of school estimate reduction of a proposed budget that differs based on the status of the proposed budget either above or below the district's expected local levy.

Proposed base budgets over the expected local levy

Reductions may be made by the municipality(ies) or board of school estimate to the certified tax levy through appropriation reductions and/or through increases in estimated revenues. Any reductions may be appealed on the grounds that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the Commissioner will consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations. A district may not appeal any reductions on the grounds that the amount is necessary for a thorough and efficient education.

Proposed base budgets at or below the expected local levy

Reductions may be made by the municipality(ies) or board of school estimate to the certified tax levy through appropriation reductions and/or through increases in estimated revenues. Any reductions may be appealed on the grounds that the amount is necessary for a thorough and efficient education or that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the Commissioner will consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations.

Decisions on defeated separate proposals

Separate proposals are considered final with no appeal to the municipal governing body or the Commissioner. Proposals not passed by the voters or approved by the board of school estimate may not be executed through modifications to the base budget or through the appropriation of surplus. The stated purpose of the defeated separate proposal may be executed in the budget year through donations or contributions from an external source but the donation cannot bind the district board of education for future funding of the initial project/purpose. For example, the donor may not stipulate that the board of education must match the same amount in funds in the subsequent year.

All districts with defeated voter budgets or board of school estimate reductions of the proposed budget should reference N.J.A.C. 6A:23A-9.7, "Procedures following voter defeat of proposed budget", for the procedures to be followed, including the timetable for submission of materials to the county office, the municipal governing body(ies), and the Commissioner. Information on post-election procedures is also contained in the election calendar.

Districts should access the budget program and review the Report of District Status Above or Below Expected Local Levy to determine the status of the budget after reduction.

Listed below are the materials that must be submitted to the municipal governing body(ies) and the executive county superintendent of schools within two days of the certification of the election results in the event of a budget defeat. These materials will be used by the municipal governing body(ies) in the review of the defeated budget. Under N.J.S.A. 18A:22-37, May 19, 2013 is the last day for the governing body after consultation with the board of education to determine and certify to the county board of taxation the amount of money necessary for school purposes to be raised by taxation for the 2013-14 school year. In the event that such certification is not made or there is a failure to agree among constituent members of a regional school district on the amount that should be certified by that date, it is the Commissioner's responsibility to review the defeated budget and determine the amount necessary to provide a thorough and efficient system of public education in the district for the 2013-14 year.

Defeated Budget Information

It is the responsibility of the board of education pursuant to N.J.A.C. 6A:23A-9.7(a)1, to present to the municipal governing body(ies) and the executive county superintendent, within two days of the certification of election results, the proposed School District Budget Statement which was defeated by the voters, along with the following information:

- A complete line-item budget listing each item by code and line description, including actual expenditures for the previous school year, actual budgeted amount for the current school year, proposed budgeted amount for the ensuing school year as proposed to the voters the advertised budget for the ensuing school year, and all supporting documentation and narrative explanations;
- A copy of the annual progress report, if applicable, submitted to the Commissioner pursuant to Q.S.A.C.
- A copy of the district's most recent annual audit;
- An explanation of any action(s) to reallocate, direct additional expenditures, and so forth, taken by the Commissioner, or the executive county superintendent on behalf of the Commissioner, or a statement to the effect that no such actions were taken;
- Numbers of professional and nonprofessional staff, during the current school year and projected for the ensuing school year, together with reasons for any increase or decrease;
- Pupil enrollment by grade for the district as of the proceeding June 30, the last day prior to the preceding October 16, and as projected for October of the ensuing school year;
- Salary schedules for all employees;
- Number of schools and classrooms in each school;
- Tuition received or paid during previous school year, anticipated for the current school year and projected for the ensuing school year;
- A substantiation of need for any proposed capital projects and/or deposits into the capital reserve, including documentation of the projects' inclusion in the LRFP;
- Any information required for submission to the executive county superintendent pursuant to N.J.A.C. 6A:23A-9.7 not specifically enumerated above;
- Applicable portions of The Taxpayer's Guide to Education Spending (formerly Comparative Spending Guide) and School Report Card; and

- Any other documentary materials or records the executive county superintendent may suggest based on specific circumstances in the district.

IN ADDITION, IT IS RECOMMENDED THAT THE FOLLOWING MATERIALS BE INCLUDED:

- Copies of additional spending proposals, if any, indicating which were approved and which were rejected by the voters;
- Rationale for any new positions
- Rationale for any new programs
- Rationale for any new and replacement equipment
- Rationale for any major line item increases or decreases

For Type I districts, the above materials must be submitted to the board of school estimate along with the other budget materials for use in its determination of the amount that should be certified for taxes.