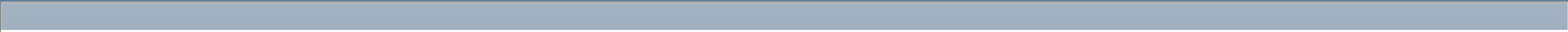


2002-03 BUDGET

Department of Education
Division of Finance
November 28, 2001



2002-03 BUDGET

Key Revisions/Enhancements

- Cap Banking
- New Buildings SGLA
- Tuition Calculation
- Required Maintenance Amount
- Budgeting for Capital Projects



2002-03 BUDGET

? CAP BANKING ?

Ability to Incorporate Unused Spending
Authority from 2001-02 Budget in
2002-03 or 2003-04 Budget

(ability to increase tax levy above cap without a
separate proposal)

Cap Banking - Calculation

1. Calculate Total Spending Authority (MPNB) from 2001-02 Budget =

MPNB Before SGLAs (preloaded amount into 01-02 from state aid = 3% or CPI over prior year net budget)

- + *Eligible Enrollment SGLA*
- + *Eligible Transportation SGLA*
- + *Eligible Special Ed SGLA*
- + *Eligible Capital Outlay SGLA*
- + *Eligible New Buildings SGLA*

Cap Banking - Calculation

2. Calculate Net Budget from 2001-02
Budget Certified for Taxes

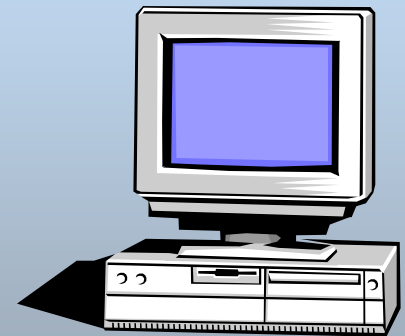
3. 2001-02 Banked Cap =

*MPNB - Net Budget Certified
for Taxes*



Cap Banking - Software

- New Report on Unused Spending Authority, or Banked Cap, from 2001-02 Budget
- New Request Screen for Banked Cap
- New Line in Report of MPNB plus SGLAs
- No Change to the Net Budget Cap Worksheet



2002-03 BUDGET

? NEW BUILDINGS SGLA ?

Increase Cap for Opening a New
School Facility for Educational
Purposes (includes additions)

in the Budget Year



New Buildings SGLA

- Costs include:
 - New Salaries/Benefits
 - Materials, Supplies, and Equipment
 - Other Costs: Insurance, Utilities, and Energy
- New SGLA Data Entry Screen similar to SD14 for transportation

2002-03 BUDGET

? TUITION CALCULATION ?

Automatic Calculation Included in
2001-02 and will be Enhanced in 2002-
03 to Allow Optional Part II Allocation
of Costs by Program.



2002-03 BUDGET

REQUIRED MAINTENANCE

? BUDGET AMOUNT (M1) ?

Budget in 02-03 in EITHER

Required Maintenance Appropriation

Accounts (261) or the

Maintenance Reserve (10-606)

Required Maintenance

Definitions

Based on Division of Facilities & Transportation Guidance

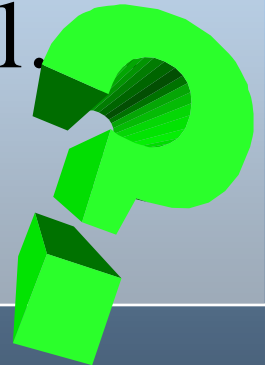
- Required Maintenance (261) - Maintains Useful Life
- Routine Maintenance (262) - Janitorial and Custodial (cleaning and inspecting)
- Capital Maintenance (Fund 12) - Extends Useful Life (Eligible for EFCFA Funding)

Required Maintenance

Budget Amount

- 2002-03 Budget Guidelines will be updated (minor) based on facilities guidelines
- For Additional Guidance on Whether Planned Maintenance Activities are Routine, Required (M2) or Capital.

**Ask Your DOE Facilities
Contact**



Required Maintenance

Maintenance Accounts

- Establish 261-XXX Accounts by School Facility by 02-03
- Expenditures for Required Maintenance Activities are recorded in four accounts

261-100: Salaries

261-420: Cleaning, Repair and Maintenance Services

261-610: Supplies

261-800: Other Objects

Required Maintenance

Expenditures

- Auditor verification of annual expenditures beginning in 02-03
 - Review of classification of expenditures and documents to support the school level expenditures for 261
 - Random testing of POs/Vouchers
 - Salaries split between custodial and required maintenance need “task specific documentation”



2002-03 BUDGET

? BUDGETING FOR ? CAPITAL PROJECTS

Overarching policy under EFCFA
is the requirement for
approval of local funding (local support)
needed to implement the capital projects in
the LRFP

Budgeting for Capital Projects



N.J.A.C. 6A:26-3.7 requires local \$ approval in the budget, referendum, or through capital reserve withdrawals according to the regulations.

Budgeting for Capital Projects

Planning Needed To Secure Local \$ Approval for Non-Referenda Capital Projects



**BUDGET
PLANNING**

Excerpt from Final Approval Letters

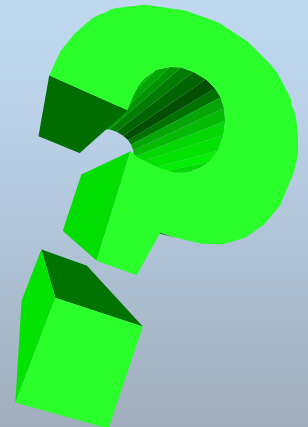
“...no school facilities project shall be constructed unless the local support amount has received approval as set forth in N.J.A.C. 6A:26-3.7”

Budgeting For Capital Projects



What and Where Do I
Budget in 02-03?

For non-referendum projects
planned for implementation
in 02-03.



Budgeting For Capital Projects

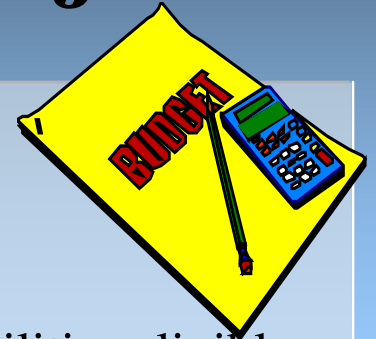
- Capital Outlay (Fund 12) via unrestricted general fund revenue or capital reserve withdrawal

OR (*at district option*)

- Deposit into Capital Reserve for withdrawal during yr by board resolution upon project approval

Budgeting For Capital Projects

When Capital Outlay?

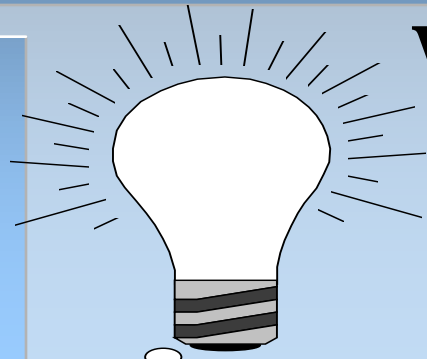


Option for all Capital Projects (school facilities eligible for EFCFA \$ or “other capital projects” not eligible for EFCFA \$) as detailed by project on SD 4

Necessary for “Other Capital Projects”

- Pros
- + Receive Specific Project Approval
 - + Can transfer \$ among approved projects
- Cons
- Receive Cap Adjustment only for increases over 01-02 capital outlay budget

Budgeting For Capital Projects



When Capital Outlay?

New Option for 02-03

If budgeting estimated local share of School Facilities Projects in Capital Outlay,

have option

to budget directly into new transfer line to capital projects fund (detailed by project on SD 4)

12-000-400-932 Current Capital Outlay Transfer to Capital Projects

Budgeting For Capital Projects

When Capital Reserve?



Option for School Facilities Projects

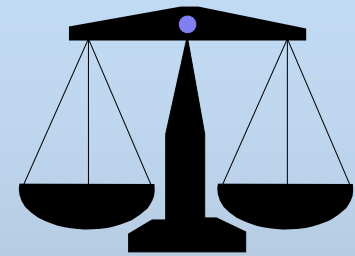
(eligible for EFCFA \$) for withdrawal during yr by board resolution upon project approval.

- Pros
- + Entire Deposit Outside of Cap
 - + Deposits not project specific and can withdrawal by board reso local \$ of Final Eligible Costs (FEC).
 - + Remaining balances outside excess surplus calc
- Cons
- Can only withdrawal during yr (unbudgeted) by board reso up to 110% of local \$ of FEC.

Budgeting For Capital Projects

? Critical Questions to Guide Budgeting Options ?

1. *Is it a School Facilities Project or an “Other Capital Project”?*



2. *If a school facilities project, does it, or is it expected to, include excess costs?*

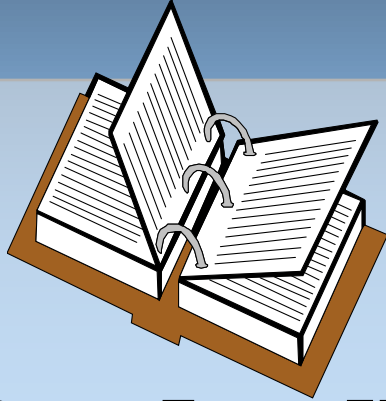
Budgeting For Capital Projects

Q - What about transfer of Surplus during the year?

- With LRFP process, should be little if no unforeseen capital project needs.
- But, still if unforeseen projects are identified:
 - Capital reserve for unplanned *school facilities projects* (upon DOE project & EDA grant approval)
 - Surplus (up to 1%) for unplanned “*other capital projects*” (upon DOE project approval)



2002-03 BUDGET



SCHEDULE

Part I - Week of January 14 (no later than January 18)

Part II - Two Days After State Aid Release

2002-03 BUDGET



Capital Reserve Accounts and EDA Grants

October 19, 2001 Guidance

