

APPENDIX E

Required Documentation to Support Estimated Fund Balance

The purpose of Appendix E is to ensure that every district is completing and publicly disclosing estimated surplus balances as required under N.J.S.A. 18A:22-8(a)(2). It is applicable for all regular districts, including Abbott districts and vocational districts. The excel worksheet is posted on the DOE website along with the budget guidelines and appendixes for district use.

Every board of education must have available for county superintendent review its January 2004 Board Secretary's Report and provide the below additional documentation to support its estimated current year general fund surplus balances summarized on lines 1620 through 1640 in the Recapitulation of Balances ("recap"). Submission of the January 2004 Board Secretary's Report is recommended but not required, unless the December report does not support the district's surplus analysis provided or it is necessary for a district specific purpose.

Districts should reference the section in the budget guidelines entitled "Completing the Recapitulation of Balances" when completing Appendix E.

Required Information to Support Additional Balances Appropriated – Lines 1620 and 1630 column 2

Additional fund balance appropriated through January 31, 2004 included on line 1620 and/or amounts included on line 1630 to be appropriated between February 1 and June 30 of 2004 must be supported by a district board resolution(s) approving the appropriation, purpose(s) and amount(s).

An amount can be entered on line 1630 only if there are board resolutions that specifically cite an amount and purpose for the appropriation. All purposes must be necessary for the 2003-04 school year and therefore, cannot include purchases of textbooks, supplies, materials or other items and program costs, such as summer programs that benefit the next school year.

Board resolutions, if applicable, are to be included with the district's required budget materials for submission of the 2004-05 budget.

Required Information to Support Additional Balances Anticipated – Line 1640 column 2

To support a district's estimate of additional balances anticipated in FY 04-05 on line 1640 of recap, every district board of education must provide a review and analysis in the following three areas:

- excess revenues projected through June 30, 2004, including restricted and unrestricted local miscellaneous revenues;
 - this analysis should detail all state and local revenues included and realized to date in the district's January board secretary's report in comparison to the estimated revenues in the district's 2003-04 budget certified for taxes;

- this should also include revenues unique to the district such as tuition revenue, investment income on bond projects that will be transferred to the general fund, and transportation fees, and be supported by prior years' miscellaneous expenditures reported on schedule J-15 of the district's CAFR;
- appropriations expected to lapse as of June 30, 2004;
 - this analysis should identify large unencumbered appropriation balances which should be included on line 1640 or if not included on line 1640 a justification for the expected expenditure by June 30, 2004;
- budgeted general fund transfers to other funds no longer needed;
 - this should include a review of budgeted transfer to food service compared to prior year contributions and prior year retained earnings balances and trend of generating net profit;
- prior year open purchase orders cancelled during the year;

County Superintendent Review

These documents will be reviewed by the county superintendent who has full authority to direct changes in the district's surplus estimates in its proposed budget.

Any additional fund balance identified in the county superintendent's review should be appropriated in the district's proposed 2004-05 budget and cannot be transferred to capital reserve or maintenance reserve.

The County Superintendent cannot approve a district's budget without district submission of the requisite board resolutions to support amounts on lines 1620 and 1630, or the analysis in the above areas for amounts on line 1640.

The County Superintendent has full authority to direct revisions to a district's recap of balances in its proposed 2004-05 budget without this requisite support and analysis.

REVIEW OF FUND BALANCE

	(A)	(B)	(C)	(D)	(E)
	Beg. Bal.				End. Bal.
Support	1610	1620	1630	1640	1650
Data Enter Amounts from Recap	5,000	400	100	1,000	5,500
<u>Sum of Three Lines Must Equal Recap Amount</u>					
Enter Amount Certified for Taxes		225			
Enter Additional Amount Appropriated		200			
Enter Amount Certified for Taxes not Appropriated as (Negative)		(25)			
Support for lines 1620 and 1630					
Board Resolutions:					
State Purpose and Enter Amount		60			
State Purpose and Enter Amount		50			
State Purpose and Enter Amount		40			
State Purpose and Enter Amount		50			
State Purpose and Enter Amount			70		
State Purpose and Enter Amount			20		
State Purpose and Enter Amount			10		
Review for Additional Surplus Generated – line 1640					
Under Estimated Revenues:					
(Review in Conjunction with Prior Year CAFR schedule J-15)					
Unbudgeted Investment Income on Bonded Projects				600	
Unbudgeted General Fund Interest on Investments				20	
Unbudgeted Miscellaneous Tuition Revenue				35	
Unbudgeted Transportation Fees				10	
Unencumbered Appropriation Balances:					
Large Amounts with no Justification				250	
Purchase Orders:					
Prior Year Cancelled POs				50	
Old Outstanding PO's no Longer Necessary				25	
Transfer to Food Service:					
Amount of Budgeted Transfer not Needed due to Large Retained Earnings Balance from the Prior Year				600	
Total amounts must agree with the applicable line in recap, or applicable component of as noted above		200	100	1,590	
		(NOTE 1)	(NOTE 2)	(NOTE 3)	
NOTE 1 – Amount must agree with the additional amount appropriated on line 1620 of recap. If this amount is correct and different from recap, adjust recap.					
NOTE 2 – Amount must agree with line 1630 of recap. If this amount is correct and different from recap, adjust recap.					
NOTE 3 – Amount must agree with line 1640 of recap. If this amount is correct and different from recap, adjust recap.					