General Information:

The following are the procedures and forms for review and approval of district requests to use carryover Preschool Education Aid (PEA) balances and that were not budgeted in the current year district budget.

PEA is a dedicated, non-lapping source of funds. PEA balances which are neither expended nor encumbered by year end are classified as deferred revenue in the financial accounts and statements of the district. Instructions for the calculation of deferred PEA balances were provided in Section II-20 of the annual audit program.

Deferred PEA is added to the revenue of a current year budget in one of three ways:

1. Balances are identified in the prebudget year and incorporated as carryover in the budget certified for taxes;
2. Balances are not identified in the prebudget year, but appropriated during the current year budget with the approval of the Commissioner or his designee; or
3. Balances are retained as deferred revenue until the second subsequent year budget.

The PEA Carryover Funds form must be used by districts to either adjust the anticipated carryover budgeted in the current year (number 1 above) or to request the use of unanticipated carryover in the current year budget (number 2 above). The carryover form is not required for districts that budget the prior year carryover amount in the second subsequent year school district budget (number 3 above).

A district that anticipated carryover balances when preparing its current year budget may be required to amend its approved plans (both budget and program) if the amount anticipated was incorrect. That is, if the amount anticipated as carryover in the current year budget was more than the actual carryover amount during planning budget development, the plan must be revised to reflect the lower amount. If the actual amount was greater than the anticipated amount, the district/school has the option of revising the current year plan or spending the additional unanticipated carryover amount in its plan for the following year.
There is no requirement to track the carryover funds in separate revenue or expenditure accounts. Once approved, these funds become current year revenue and the calculation of deferred revenue amounts at June 30 will not require delineation as to year of origin. However, the total amount of the carryover must be recorded in the Audsum in line 90005.

**Completion of the Carryover Forms:**
The two-page carryover form is to be used for PEA carryover requests. The carryover form is similar to the transfer request form. Both forms are posted on the DOE [Transfer Worksheets website](#).

The form on page 1 includes:

1. Area for a brief narrative that addresses the following questions:
   a. What is the rationale for the accumulated PEA balance?
   b. Did the district accomplish the goals and objectives identified in the PEA operational plan? If not, does the district intend to use the remaining funds to complete these goals and objectives?
   c. Does the district intend to use the funds for a new purpose? If yes, provide a rationale to document the need for the use of these funds.

2. Lines for district and executive county superintendent signatures and dates and a line for the board resolution date.

Use page 2 to detail the accounts impacted by the carryover request. The form on page 2 includes:

1. A line for the carryover amount being budgeted and separate lines for each affected account.

2. Column (1) to record the appropriation amount before carryover. If the carryover request allocates funding on a line previously budgeted at $0 in the district planning budget, leave column 1 blank.

3. Column (2) to record the carryover amount for each specific budget line. The total of column (2) should equal the carryover amount listed at the top of the form. If the carryover request is amending an estimated carryover amount that was included in the original approved budget, enter only the amount of the change. In this case, the total of the column should be the difference between the actual carryover shown in the ACFR and the estimated amount included in the original approved planning budget, which may be negative.

In addition to the carryover form, the Statement of Preschool Education Aid included in the ACFR must be submitted with the carryover request to verify the available amount. If the annual audit has not been completed before the carryover request, any approved carryover is subject to verification upon receipt of the annual audit.
Districts must also submit a copy of the board resolution approving the use of the carryover funds and copies of the addendum with revisions to the original PEA operational plan indicating “Revised” and the dates the revisions were made. Please note that districts should not make changes to or revise the budget software in Homeroom.

Submission of Carryover Request
Submit all carryover requests to the executive county superintendent who will be responsible for review and approval in conjunction with the Division of Early Childhood Services. The district will be notified if additional information is needed prior to approval, which will be made by letter.

Please direct all questions to the appropriate county office.