

*DELAYED LAST STATE
AID - BORROWING
PROCESS REVISED*

www.nj.gov/education/finance/fp/af/borrow/

ITEMS POSTED ON WEB

- Application and Cash Flow Worksheet
- Summary of Borrowing Process
- Q&A
- Sample Promissory Note
- 4/9/09 Memo
- 5/15/09 Memo

DUE DATES-If Borrowing June 8

- May 28 – Applications due to ECS
- June 3 – ECS Approval
- June 11 – Promissory Note, W-9 and ACH Authorization Form to Finance
- Early July – Payment to Bank

DUE DATES-If Borrowing June 22

- June 12 – Applications due to ECS, W-9 and ACH Authorization Form due to Finance
- June 17 – ECS Approval
- June 24 – Promissory Note to Finance
- Early July – Payment to Bank

APPLICATION

- Includes:
 - Application Form
 - Cash Flow Worksheet
 - Supporting Documentation
 - Written Bank Proposal – required submission for interest cost reimbursements
 - W-9 and ACH Authorization Form

APPLICATION-cont'd

- Term of note:
 - Loan effective date between June 8 - June 30 if loan amount is greater than June 22 state aid payment
 - Loan effective date between June 22 – June 30 if loan amount is less than June 22 state aid payment
 - Loan maturity date will be early July. County offices will be notified of the date when available.

APPLICATION-cont'd

- Interest Rate:
 - The Executive County Superintendents (ECS) should review the interest rates on loan applications received and notify districts if the interest rate obtained by their bank does not appear reasonable in comparison to other banks in the area.

CASH FLOW WORKSHEET

- Line 1 - March 31 bank balances
 - bank reconciliations as support
- Line 13 - Add estimated revenues for months April-June
- Line 19 - Deduct estimated expenditures for months April-June
 - A/P register and vendor listing as support
- Line 20 - Maximum potential needed to borrow

CASH FLOW WORKSHEET-cont'd

- Lines 21-23 represents estimated fund balance at June 30, 2009 per 09-10 recapitulation of balances (col 2, line 1655 on recap) less June state aid payments for general fund and preschool expenditures
- Line 24 (Line 20 less Line 23) represents difference between estimated fund balance in budget vs application
 - Explanation of negative variance required

CASH FLOW WORKSHEET-cont'd

- Used to analyze general fund and
Preschool
- Districts must include Preschool costs in
the application (See Q&A #15)

COUNTY APPROVAL FORM

- After the loan maturity date is determined, County Approval Form will be finalized and emailed to the Executive County BA's.
- The maximum allowable approved principal should be the lesser of Line 20 on the Cash Flow Worksheet or the amount of the June state aid payments.