

## APPENDIX F

### MINIMUM CHART OF ACCOUNT DESCRIPTIONS BY BUDGETING LINE ITEM UNDER EACH PROGRAM/FUNCTION

#### Current Expense (sub fund 11)

**Regular Programs - Instruction (11-1XX-100-XXX)** is used to record direct classroom instruction costs for regular programs. The salaries of teachers and substitutes (101) are detailed by the grade classifications used in the calculation of core curriculum standards aid under the CEIFA and are recorded under the applicable program (105-140). Regular home instruction costs should be recorded under program 150. If teachers cross program categories, their salaries should be prorated based on the time spent in each program. The cost of additional compensation paid to teachers for services such as hall monitors, detention, and lunchroom aides are also included here. If such services are provided by other employees, the costs are not recorded here but under Other Operation and Maintenance of Plant Services. Additional compensation paid to teachers for chaperoning educational activities are recorded here. Those chaperoning activities related to social events are recorded under School Sponsored Cocurricular/Extra-curricular Activities. The costs of substitutes or stipends paid to teachers for attendance at seminars should also be budgeted in the appropriate teachers' salary accounts. All other current expense direct classroom regular instruction costs are recorded under the Undistributed Instruction program code (190). These would include the salaries of assistants or aides (106) to instructional staff other than secretarial and clerical personnel. Purchased services (320, 340, and/or 500) include those contracted services that are related to the regular instruction provided in the classroom with the breakout between professional-educational, technical, and other purchased services. These would include amounts paid for assembly speakers or standardized specific subject exams. Standardized general exams for aptitude, etc. are recorded under Support Services - Students - Regular. Other purchased services (400-500 series) also includes any rental or lease purchase of equipment for regular program classroom use as well as reimbursements to teachers for school-to-school travel. Communications costs directly related to the provision of classroom instruction (dedicated lines to district technology labs or classrooms) would also be budgeted here. General supplies (610) include those teaching supplies other than textbooks such as workbooks, tests, chalk, paper, pencils, paints, and other classroom supplies. Filmstrips, periodicals, and other reference items for specific regular classroom use are recorded here. Such items used for general reference are recorded under Educational Media Services/School Library. Textbooks are recorded under object 640. Other objects (890) includes those classroom costs for regular instruction that are not included in the above classifications such as expenditures for dues and fees for teachers' membership in professional or other organizations. The admission costs for field trips made as part of the regular instruction program are also recorded here. The admission costs of field trips, which are purely recreational, are recorded under School-Sponsored Cocurricular/Extracurricular Activities.

**Special Education - Instruction (11-2XX-100-XXX)** is used to record the classroom costs of providing services as a result of individualized education programs (I.E.P.s). Costs are classified in accordance with the program categories. The costs of developing the I.E.P.s and curriculum development are considered support services and are not recorded here. When recording special education instructional costs, services that benefit all students in the program classification and are provided in a self-contained classroom are recorded under the appropriate program category. Do not include in these cost centers any funds budgeted for related and extraordinary services. Related services (occupational and physical therapy, speech and counseling) and extraordinary services (other related services unique to a student such as one-to-one aid) should be budgeted in the cost centers Other Support Services - Students - Related Services (11-000-216-XXX) and Other Support Services - Students - Extraordinary Services (11-000-217-XXX), respectively.

Object 101 is used to record teachers' salaries, both full-time and substitutes. Object 106 is used for classroom assistants and aides along with the salaries of certified staff members providing related services pursuant to an I.E.P. Salaries should be prorated between programs based on the amount of time spent in each. Purchased services (320, 340, and/or 500) include those contracted services that are related to the special program instruction provided in the classroom with the breakout between professional-educational, technical, and other purchased services. Other purchased services (400-500 series) also includes any rental or lease purchase of equipment for special education classroom use as well as reimbursements to teachers for school-to-school travel. General supplies (610) include those teaching supplies other than textbooks such as workbooks and other classroom supplies. Textbooks are recorded under object 640. Other objects (800) includes those classroom costs for special education programs that are not included in the above classifications such as expenditures for dues and fees for teachers' membership in professional or other organizations. As a reminder, the costs of all special education programs offered by the district, including those related to magnet schools established for specific handicap classification programs, should be recorded here. Districts should also include an estimate of the tuition revenue to be received for such programs in the appropriate tuition revenue account. These programs should not be accounted for in the special schools subfund or a proprietary fund.

**Basic Skills/Remedial (11-230-100-XXX)** is used to record the classroom costs of providing the district's basic skills program. Administrative costs to support the program should be budgeted as undistributed expenditures under the appropriate functions and objects. Teachers' salaries are recorded under object 101. The salaries of assistants and aides are recorded under object 106. Purchased services (320, 340, and/or 500) include those contracted services that are related to the basic skills program provided in the classroom with the breakout between professional-educational, technical, and other purchased services. Other purchased services (400-500 series) also includes any rental or lease purchase of equipment for classroom use in the basic skills/remedial program. General supplies (610) include those teaching supplies other than textbooks such as workbooks, tests, chalk, paper, pencils, paints, and other classroom supplies. Textbooks are recorded under object 640. Other objects (800) includes those classroom costs for the basic skills program that are not included in the above classifications. (This cost center is not applicable to special services budget types.)

**Bilingual Education (11-240-100-XXX)** is used to record the classroom costs of providing the district's bilingual education program. Administrative costs to support the program should be budgeted as undistributed expenditures under the appropriate functions and objects. Teachers' salaries are recorded under object 101. The salaries of assistants and aides are recorded under object 106. Purchased services (320, 340, and/or 500) include those contracted services that are related to the bilingual education program provided in the classroom with the breakout between professional-educational, technical, and other purchased services. Other purchased services (400-500 series) also includes any rental or lease purchase of equipment for the bilingual education program classroom use. General supplies (610) include those teaching supplies other than textbooks such as workbooks, tests, chalk, paper, pencils, paints, and other classroom supplies. Textbooks are recorded under object 640. Other objects (800) includes those classroom costs for the bilingual education program that are not included in the above classifications. (This cost center is not applicable to special services budget types.)

**Vocational Programs - Local (11-3XX-100-XXX -regular districts)** is used to record the classroom costs of providing the district's local vocational program; that is the matching local share of the program recorded in the general fund. If a district is not required to provide information regarding matching costs as part of a grant agreement, the costs of the local vocational program may be included under regular instruction. Teachers' salaries are recorded under object 101. The salaries of assistants and aides are recorded under object 106. Purchased services (320, 340, and/or 500) include those contracted services that are related to the vocational program provided in the classroom with the breakout between professional-educational, technical, and other purchased services. Other purchased services (400-500 series) also includes any rental or lease purchase of equipment for classroom use.

General supplies (610) include those teaching supplies other than textbooks such as workbooks, tests, chalk, paper, pencils, paints, and other classroom supplies. Textbooks are recorded under object 640. Other objects (800) includes those classroom costs that are not included in the above classifications.

**Vocational Programs (11-3XX-100-XXX-vocational districts)** is used to record the classroom costs of providing the district's regular and special vocational instruction programs. Direct classroom instructional costs for regular programs such as math, science, English, etc., offered by the vocational school district are not recorded here. They are included under Regular Instruction - Grades 9-12. A program is considered regular when its classes contain only regular education pupils, including mainstreamed special education pupils. A program is considered special when its classes contain only special education pupils. A post-secondary program is one established for adult vocational students, both day and evening, which is recorded in special schools.

It is important to note that the aforementioned delineations are for budgetary reporting purposes only. The district should maintain adequate detail in its accounting records to meet granting agency reporting requirements. The salaries of teachers and substitutes are recorded in object 101. If teachers cross program categories, their salaries should be prorated based on the time spent in each program. The cost of additional compensation paid to teachers for services such as hall monitors, detention, and lunchroom aides are also included here. If such services are provided by other employees, the costs are not recorded here but under Other Operation and Maintenance of Plant Services. Object 106 is used to record the salaries of assistants or aides to instructional staff other than secretarial and clerical personnel. Purchased services (320, 340, and/or 500) include those contracted services that are related to the vocational instruction provided in the classroom with the breakout between professional-educational, technical, and other purchased services. Other purchased services (400-500 series) also includes any rental or lease purchase of equipment for vocational program classroom use. Communications costs directly related to the provision of classroom instruction (dedicated lines to district technology labs or classrooms) would also be budgeted here. General supplies (610) include those teaching supplies other than textbooks such as workbooks, tests, chalk, paper, pencils, paints, and other classroom supplies. Filmstrips, periodicals, and other reference items for specific vocational program classroom use are recorded here. Such items used for general reference are recorded under Educational Media Services/School Library. Textbooks are recorded under object 640. Other objects (800) includes those classroom costs for vocational instruction that are not included in the above classifications such as expenditures for dues and fees for teachers' membership in professional or other organizations. The admission costs for field trips made as part of the vocational instruction program are also recorded here. The admission costs of field trips, which are purely recreational, are recorded under School-Sponsored Cocurricular/Extracurricular Activities.

**School-Sponsored Cocurricular/Extracurricular Activities (11-401-100-XXX)** is used to record the costs associated with board sponsored co-curricular and extracurricular activities such as entertainment, publications, clubs, band, and orchestra. If the activity is financed wholly or partly by activity revenues that are under the control of the students rather than the board, the operations are recorded in the student activity funds. The only cost reflected in the budget in such circumstances would be the board's contribution to the activity, which would be recorded as transfers to cover deficit (930) or the payment to advisors under object 100. If no activity revenues exist or if any receipts remain under the control of the board, all costs of the program are recorded in the general fund. The salaries related to the cocurricular and extracurricular activities are recorded under object 100. Purchased services (500) include those contracted services in the 300-500 series related to the cocurricular and extracurricular activities (other than transportation) along with any equipment rentals or lease purchases. Supplies and materials for the cocurricular and extracurricular activities are recorded in object 600. Other objects (800) includes those costs related to the cocurricular and extracurricular activities that are not included in the above classifications. The expenditures should be recorded gross, with any board controlled receipts budgeted as miscellaneous revenue.

**School-Sponsored Athletics (11-402-100-XXX)** is used to record the costs associated with board sponsored athletic programs. If the program is financed wholly or partly by program revenues that are under the control of the students rather than the board, the operations are recorded in the student activity funds. The only cost reflected in the budget in such circumstances would be the board's contribution to the program, which would be recorded as transfers to cover deficit (930). If no program revenues exist or if any receipts remain under the control of the board, all costs of the program are recorded in the general fund. The salaries related to the athletics program are recorded under object 100. Purchased services (500) include those contracted services in the 300-500 series related to the athletics program (other than transportation) such as amounts paid to outside doctors for sports physicals or officials along with any equipment rentals or lease purchases. Supplies and materials for the athletics program are recorded in object 600. Other objects (800) includes those costs related to the athletics program that are not included in the above classifications. The expenditures should be recorded gross, with any board controlled receipts budgeted as miscellaneous revenue.

**Other Instructional Programs (11-4XX-100-XXX)** is used to record the costs associated with activities that provide students with learning experiences not included in the other program 400 codes. The same expenditure categorizations highlighted above under school-sponsored cocurricular and extracurricular activities and school-sponsored athletics are used here.

**Community Services Programs (11-800-330-XXX)** is used to record the costs associated with activities which are not directly related to the provision of educational services in a district. These include services such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities provided by the district. Latchkey programs that are funded by the board are recorded here. If the program charges fees to the parents for the provision of services, the activity should be accounted for in an enterprise fund. The only cost reflected in the budget in such circumstances would be the board's contribution to the program, which would be recorded as transfers to cover deficit (930). Employee salaries for community services programs are recorded under object 100. Purchased services (500) include those contracted services in the 300-500 series related to the community services program along with any equipment rentals or lease purchases. Supplies and materials for the community services program are recorded in object 600. Other objects (800) includes those costs related to the community services program that are not included in the above classifications.

**Undistributed Expenditures** are charges that are not readily assignable directly to a program and are classified as follows:

**Instruction (11-000-100-XXX - regular districts only)** is used to record tuition costs paid to other districts, private schools for the handicapped, county vocational and special services school districts, and state facilities. A distinction is made between regular and special education pupils and receiving districts within and outside the state. Expenditures are recorded in the appropriate object based on the nature of the tuition paid. Object 568, Tuition - State Facilities includes tuition amounts budgeted for Juvenile Detention Centers. Object 569, Tuition-Other includes tuition paid to other LEAs outside the state for regular pupils, as well as payments to the Katzenbach School for the Deaf and Department of Human Services operated day training facilities. Payments to the Commission for the Blind are not budgeted as tuition expenditures but rather as purchased professional-educational services costs under related services or extraordinary services.

**Attendance and Social Work Services (11-000-211-XXX)** is used to record the expenditures associated with activities designed to improve student attendance at school and which attempt to prevent or solve student problems. These services include the supervision of attendance and social work services; they include the identification of nonattendance patterns, promotion of improved attitudes towards attendance, and enforcement of attendance laws; and they include the investigation and diagnosis of student problems arising from the home, school, or community, casework and group

services for the child or parent, and communications with other staff about student problems. The registration activities for adult education programs are also recorded here. The collection, maintenance, and reporting of school attendance records, family characteristics data, census data, and other important information is recorded here. The full-time, part-time, and prorated salaries of all employees performing the aforementioned activities, including secretarial and clerical, are recorded in object 100. Purchased professional and technical services (object 300) is used to record consulting fees paid for services which support the attendance and social work program and its administration. Included would be any outside support services, improvement services, and any contracted service related to the provision of attendance or social work services. Other purchased services (400-500 series) would include the rental or lease purchase of equipment related to this support service and the travel for these staff. Supplies and materials (object 600) is used to record attendance and social work forms, office supplies, books and periodicals, and other items that are consumed, worn out, or deteriorated through use. Other objects (800) is used to record expenditures for dues and fees for attendance and social work services staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Health Services (11-000-213-XXX)** is used to record the costs associated with physical and mental health services provided to students which are not direct instruction, such as supervision of health services, health appraisal (including screening for vision, communicable diseases, and hearing deficiencies), screening for psychiatric services, periodic health examinations, emergency injury and illness care, dental services, nursing services, and communications with parents and medical officials. The salaries of health personnel, both professional and administrative, are recorded under object 100. It is not necessary to prorate the salaries of teaching school nurses between this function and instruction. Their costs are also recorded here. Purchased professional and technical services (object 300) is used to record the consulting fees for services which support the health program and its administration. Included would be any outside support services, improvement services, and any contracted services related to the health program, including health services by personnel who are not on the payroll of the school district. Other purchased services (400-500 series) would include the rental or lease purchase of equipment related to this support service and the travel for health program staff. Supplies and materials (object 600) is used to record health program forms, medical supplies, office supplies, books and periodicals, and other items that are consumed, worn out or deteriorated through use. Other objects (800) is used to record expenditures for dues and fees for health program staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Other Support Services - Students - Related Services (11-000-216-XXX)** is used to record the costs of related services provided to students as a result of an I.E.P. for services such as speech therapy, occupational therapy, physical therapy, and additional counseling. These services are considered Tier I services in the calculation of special education aid. Object 100 is used to record the salaries of certified district employees providing those services. If the services are contracted, they should be budgeted under object 320, including payments to the Commission for the Blind. Supplies and materials for related services are recorded under object 600. Other objects (800) is used to record expenditures for dues and fees for related services program staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Other Support Services - Students - Extraordinary Services (11-000-217-XXX)** is used to record the costs of services other than related services provided to students as a result of an I.E.P. that are unique to individual students, such as one-to-one aides. Object 100 is used to record the salaries of district employees providing those services. If the services are contracted, they should be budgeted under object 320. Supplies and materials for related services are recorded under object 600. Other objects (800) is used to record expenditures for dues and fees for related services program staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Other Support Services - Students - Regular (11-000-218-XXX)** is used to record the costs associated with guidance services and any other activities supplemental to the teaching process that are designed to assess and improve the well-being of students other than 1) attendance and social work services, 2) health services, or 3) other support services - students - special. Guidance services includes counseling with students and parents, consulting with other staff members on learning problems, evaluating the abilities of students, assisting students in personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for students. Guidance services also include record maintenance services - the compiling, maintaining, and interpreting of records of individuals for such factors as physical and medical status, standardized test results, personal and social development, school performance, and home background. They also include placement services - the placing of students for educational and occupational situations. The full-time, part-time, and prorated salaries of all employees performing the aforementioned activities are segregated between other professional staff (object 104), secretarial and clerical assistants (object 105), and other salaries (object 110). Purchased services is detailed between those that are professional-educational (object 320) and other purchased professional and technical services (object 390) when recording consulting fees paid for services which support the guidance and other services and their administration. Included would be any outside support services, improvement services, and any contracted service related to the provision of guidance and other student services. Other purchased services (400-500 series) would include the rental or lease purchase of equipment related to this support service and the travel for these staff. Supplies and materials (object 600) is used to record guidance office forms, office supplies, books and periodicals, and other items that are consumed, worn out, or deteriorated through use. Other objects (800) is used to record expenditures for dues and fees for guidance and other student services staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects. (This cost center is not applicable to special services budget types.)

**Other Support Services - Students - Special (11-000-219-XXX)** is used to record the costs associated with the services provided by child study team members. A child study team consists of a school psychologist, a learning disabilities teacher-consultant, and a school social worker. For pupils ages three to five, the child study team includes a speech correctionist or speech-language specialist. *N.J.A.C. 6A:14-3.1* defines a child study team as an interdisciplinary group of appropriately certified persons who 1) evaluate and participate in the determination of eligibility of pupils for special education and/or related services; 2) coordinate the development, monitor, and evaluate the effectiveness of the individualized education programs (I.E.P.s); 3) may deliver appropriate related services to pupils with educational disabilities; 4) may provide preventive and support services to nondisabled pupils; 5) may provide services to the general education staff regarding techniques, materials, and programs for pupils experiencing difficulties in learning. These services include, but are not limited to consultation with school staff and parents and the design, implementation, and evaluation of techniques to prevent and/or remediate educational difficulties. Under this definition, child study team members may provide both support services in the development of the I.E.P and may provide the actual services for the implementation of the I.E.P.s. Services provided as a result of I.E.P.s are considered related services and are not recorded here. As mentioned above, child study team members may provide services to non-classified pupils and regular instruction staff to prevent or remediate learning problems. If such services are routine, child study team member salaries must be prorated between other support services - students special and regular based on time spent. If such services are infrequent, there is no need to prorate. The full-time, part-time, and prorated salaries of all employees performing the aforementioned activities are segregated between other professional staff (object 104), secretarial and clerical assistants (object 105), and other salaries (object 110). Purchased services is detailed between those that are professional-educational (object 320) and other purchased professional and technical services (object 390) when recording consulting fees paid for services which support the child study team and its related administration. Included would be any outside support services, improvement services, and any contracted service related to the provision of child study team services. Residential costs of handicapped students living in institutions are not considered tuition and are recorded under this support

service in object 591. All other purchased services in the 400-500 series are recorded in object 592 and would include the rental or lease purchase of equipment related to this support service and the travel for these staff. Supplies and materials (object 600) is used to record forms, office supplies, books and periodicals, and other items that are consumed, worn out, or deteriorated through use. Other objects (800) is used to record expenditures for dues and fees for child study team office staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Improvement of Instruction Services (11-000-221-XXX)** is used to record the costs associated with the assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include supervision of instruction services, curriculum development, techniques of instruction, child development and understanding, etc. Department chairperson activities are not recorded here; they are recorded in the school administration support services function. The salaries recorded under this support service are segregated between supervisors of instruction (object 102), other professional staff (object 104), secretarial and clerical assistants (object 105), and other salaries (object 110) and include the salaries of curriculum coordinators and in-service training staff. The additional compensation paid to teachers for curriculum development work done during the summer months should be recorded under object 104. Purchased services is detailed between those that are professional-educational (object 320) and other purchased professional and technical services (object 390) when recording consulting fees paid for services which support the improvement of instruction services and its related administration, including curriculum developers and presenters at workshops. Other purchased services (400-500 series) recorded in object 500 would include the rental or lease purchase of equipment related to this support service, outside workshop fees, and the travel for these staff. Supplies and materials (object 600) is used to record forms, office supplies, books and periodicals, and other items that are consumed, worn out, or deteriorated through use. Other objects (800) is used to record expenditures for dues and fees for improvement of instruction services, staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects. The professional development costs of teachers are not included in this cost center. It should be included in Instructional Staff Training Services (11-000-223-XXX).

**Educational Media Services/School Library (11-000-222-XXX)** is used to record the costs associated with activities concerned with the use of all teaching and learning resources, including hardware, and content materials. Educational media are defined as devices, content materials, methods, or experiences used for teaching and learning purposes. Educational media services include school library services, audiovisual services, educational television services, and computer assisted instruction services. The actual provision of computer assisted instruction is recorded under the instruction function. The salaries of educational media personnel, both professional and administrative, are recorded under object 100 and include school library staff, audiovisual staff, educational television staff, and staff engaged in the development of computer-assisted instruction. Purchased professional and technical services (object 300) is used to record the consulting fees for services which support the educational media services program and its administration and would include purchased services for on-line computer information retrieval for students. Other purchased services (400-500 series) recorded in object 500 would include the rental or lease purchase of equipment related to this support service and the travel for these staff. It would also include communications costs directly related to educational media services/school library such as on-line reference services. Supplies and materials (object 600) include expenditures for curricular books and periodicals (but not textbooks, which should be included in instruction), films, filmstrips, transparencies, tapes, TV programs, tape recordings, reference books, general use books and periodicals for use by staff but not for classroom instruction. The cost of binding or other repairs to school library books is recorded here. Other expenditure items that are consumed, worn out, or deteriorated through use should be included in this object. Other objects (800) is used to record expenditures for dues and fees for educational media services staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Instructional Staff Training Services (11-000-223-XXX)** is used to record the activities that contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to the school system or school. Professional development costs are defined as those costs that represent reimbursement to **teaching** staff for attendance at out-of-district workshops and the costs of professional development activities for **teachers** which the district itself sponsors. The reimbursed development costs of other staff members are recorded under the appropriate function of budget. The costs of in-house programs for other staff members are included under central services. The reimbursed costs would include registration reimbursement, travel costs, overnight accommodations, and meals. Stipends for attendance and related substitute costs are not recorded here, but are budgeted in the applicable teachers' salaries account. The direct costs for in-house programs would include the reasonable allocation of staff time for program development costs and costs for materials and supplies and any outside consultant fees and their related expenses. Allocated costs may not include any costs related to the supervision or evaluation of staff or curriculum work and any tuition reimbursements. Tuition reimbursements to teachers are considered an employee benefit and should be budgeted in account 11-000-223-280 if the optional coding for allocated benefits is used or in unallocated benefits account 11-000-291-280. The salaries recorded under this support service are segregated between supervisors of instruction (object 102), other professional staff (object 104), secretarial and clerical assistants (object 105), and other salaries (object 110) and include the in-service training staff. Purchased services is detailed between those that are professional-educational (object 320) and other purchased professional and technical services (object 390) when recording consulting fees paid for services which support the instructional staff training services function and its related administration, including presenters at workshops. Other purchased services (400-500 series) recorded in object 500 would include the rental or lease purchase of equipment related to this support service, outside workshop fees, and the travel for these staff. Supplies and materials (object 600) is used to record forms, office supplies, books and periodicals, and other items that are consumed, worn out, or deteriorated through use. Other objects (800) is used to record expenditures for dues and fees for instructional staff training services staff membership in professional or other organizations. Miscellaneous expenditures for goods or services not classified above should also be recorded in other objects.

**Support Services - General Administration (11-000-230-XXX)** is used to record the costs associated with activities concerned with the establishing and administering policy for operating the LEA. These include board of education services and executive administration services, including school election services. If the board secretary acts as the chief business official of the district, expenditures for his or her salary and staff and activities would not be recorded here but should be included under central services (function 251). **School district meetings and expenses for legal advice are also included, as are the activities of external auditors.** Central support services, such as planning, research, development and evaluation, as well as data processing, should not be included here, but in central services. The salaries of general administration personnel, both professional and administrative, are recorded under object 100 and include staff who are assigned to the central office of a school district, such as board of education services, board secretary staff, staff relations and negotiations, and the superintendent's office. Only general administrative costs are recorded under this function. The salaries and related costs of assistant superintendents or other administrators for specific support services should not be recorded here but rather should be recorded under the appropriate support services function. If the chief school administrator also acts as a building principal, his/her salary should be prorated between general administration and school administration. Under the chart of accounts, there is no further allocation of the chief school administrator's salary between other functions. Purchased professional services for legal fees (object 331) and audit fees (object 332) must be separately reported. All other purchased professional services such as bond paying agents, election services, staff relations and negotiation services, and community relations firms are reported in object 339, other purchased professional services. Any purchased technical services (services to the LEA which are not regarded as professional but require basic scientific knowledge, manual skills, or both) related to the general administration of the district are reported in object 340. Communications/telephone costs and Board of

Education (BOE) travel must be separately reported from other purchased services in the 400-500. Communications/telephone (object 530) includes all district-wide costs for telephone and communication services, including the rental of related equipment. This object also includes expenses for postage equipment rental and postage. Communication costs related to direct dedicated lines to technology labs or classrooms are considered instructional rather than district-wide. BOE travel (object 585) includes transportation, meals, hotel, and registration fees for out of district workshops and conferences. All other purchased services in the 400-500 series related to the aforementioned services, such as legal ads, equipment rental or lease purchase, board related insurance (liability and fidelity), and staff travel, are reported in object 590. General supplies (object 610) include expenditures for items that are consumed, worn out, or deteriorated through use, such as books and periodicals, office supplies and paper supplies for school election materials. BOE supplies (object 630) include expenditures specifically for board supplies such as expenses for in-house training for members of the BOE including food, meeting materials and other supplies used by the Board of Education. Other objects is broken out between judgments against the school district (object 820) and miscellaneous expenditures (object 890). Object 820 includes expenditures from current funds for all judgments against the district that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as a result of court decisions are recorded here. Judgments against the district resulting from failure to pay bills are recorded under the appropriate expenditure accounts as though the bills had been paid when due. Miscellaneous expenditures (object 890) consist of expenditures for dues and fees for general administration staff for membership in professional or other organizations, the write-off of uncollectible accounts receivable, and other miscellaneous goods or services not classified above. BOE membership dues and fees (object 895) include amounts specifically paid for BOE memberships in school board associations, professional or other organizations.

**Support Services - School Administration (11-000-240-XXX)** is used to record the costs associated with the overall administrative responsibility for a school. It includes the activities performed by the principal, assistant principals, a head teacher acting as a principal, and other assistants while they supervise operation of the school, evaluate staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the LEA. Also included here would be the activities of department directors such as guidance, athletic, and special education. These activities include the work of clerical staff in support of teaching and administrative duties. Graduation expenses, full-time department chairpersons' expenditures, and prorated expenditures of part-time department chairpersons are also included in this function. If prorating of expenditures is not possible for department chairpersons who also teach, those expenditures are included in instruction. If the chief school administrator also acts as a building principal, his/her salary should be prorated between general administration and school administration. The salaries of school administration staff are detailed between principals/assistant principals (object 103), other professional staff (object 104), secretarial and clerical assistants (object 105) and other (object 110). Purchased professional and technical services (object 300) would include expenditures for the purchased services of consultants and school scheduling firms. Other purchased services in the 400-500 series are recorded in object 500 and would include school administration equipment rentals or lease purchases and staff travel expenses. School administration supplies and materials (object 600) would include office supplies and other items that are consumed, worn out, or deteriorated through use. Books and periodicals would also be included here. Other objects (object 800) consist of expenditures for dues and fees for school administration staff for membership in professional and other organizations, along with miscellaneous goods or services not classified above.

**Support Services - Central Services (11-000-251-XXX)** is used to record the business function and costs that support other administrative and instructional functions. The business function includes fiscal services, human resources, strategic planning, purchasing, warehousing and distribution services, and printing services. The salary for the chief business official and the related expenditures are included here. There is no allocation of the salary between other functions. Other support functions (administrative and instructional) include research and development, planning, evaluation, information services, data processing services, and staff services. Information services are concerned with writing,

editing, and other preparation necessary to disseminate educational and administrative information to students, managers, and the general public through direct mailing, news media, or personal contact. Staff services are concerned with maintaining an efficient staff for the school system. It includes such activities as recruitment and placement, staff transfers, in-service training (for non-instructional staff), health services, and staff accounting. Salaries, both professional and administrative, are included in object 100. Purchased professional services (object 330) would include the purchased professional services of such business support services as budgeting, payroll, financial accounting, internal auditing, planning, research, and development, and capital asset appraisal. Purchased technical services (object 340) would include services to the LEA which are not regarded as professional but require basic scientific knowledge, manual skills, or both, such as data processing and purchasing and warehouse services. The sale/lease-back payments of textbooks are reported in object 594 and all other miscellaneous purchased services in the 400-500 series for central services such as equipment rentals or lease purchases and staff travel are reported in object 592. Supplies and materials (object 600) expenditures are for items that are consumed, worn out or deteriorated through use. Books and periodicals are also included here. Examples are paper supplies for budgeting, payroll, financial accounting, internal auditing, printing and duplicating, research and development, and evaluation. Payment of interest on current loans is reported in object 831. The interest portion of lease purchase agreements for the purchase of land and buildings is included in object 832. The interest portion of lease purchases for equipment is not included here, but is budgeted as a rental costs under the program and function applicable to where the equipment is used. Interest on bond anticipation notes (BANs) is included in object 836. Miscellaneous expenditures (object 890) consist of expenditures for dues and fees for central services staff membership in professional or other organizations as well as expenditures for goods or services not classified above, such as bank fees.

For pre-EFCFA Commissioner approved lease purchase agreements with terms in excess of five years, the regular debt service cost center includes lines for the budgeted principal and interest payments with inclusion of such payments as amounts eligible for debt service aid. Do not include any such payments here.

**Support Services - Administrative Information Technology (11-000-252-XXX)** is used to record activities that support the school district's information technology systems, including maintaining and supporting administrative networks and information systems, and processing data for administrative and managerial purposes. These activities include costs associated with the administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support, and other technology-related administrative costs. Salaries, both professional and administrative, are included in object 100. Purchased professional services (object 330) include purchased professional services for administrative technology such as technology consulting fees. Purchased technical services (object 340) include services to the LEA which are not regarded as professional but require basic scientific knowledge, manual skills, or both, such as the services of a systems analyst. Other purchased services in the 400-500 series are recorded in object 500 and would include administrative information technology equipment rentals, lease purchases and staff travel expenses. Supplies and materials (object 600) expenditures are for items that are consumed, worn out or deteriorated through use. Computer supplies for use in administrative technology would be included here as well as reference books and periodicals. Other objects (object 800) consist of expenditures for dues and fees for membership in professional or other organizations and other expenditures for goods and services not classified above.

**Required Maintenance for School Facilities (11-000-261-XXX)** is used to report the detailed appropriations for required maintenance as stipulated under EFCFA. Expenditures meeting the definition of required maintenance for school facilities under *N.J.A.C. 6A:26A* for comprehensive maintenance plans and in any supplementary guidance issued by the Office of School Facilities will be reported on lines 7621 to 7625. As required under the regulations (*N.J.A.C. 6A:26-2.2*), a district must maintain the accounting records for required maintenance at the school facility level. There will be no

impact on the advertised appropriations section of the budget. Under EFCFA, districts will be required ten years from enactment of the law to demonstrate a net investment in required maintenance within the ten years previous of two percent of what the facility's replacement cost was ten years prior. In order to continue to receive full aid for new construction and additions for which financing is issued under EFCFA, districts will be required, beginning in the fourth year after occupancy, to demonstrate an annual investment in maintenance of the facility of at least two-tenths of one percent of the facility's replacement cost. Districts that fail to meet this requirement will have their aid reduced proportionally. All districts should document the district required maintenance effort on these lines as required by EFCFA and defined under the state board regulations implementing the law. For the purposes of budgeting 2006-07 expenditures, required maintenance is defined as expenditures for specific maintenance activities required for systems warranty purposes which are approved for repairs and replacements for the purpose of keeping a school facility open, comfortable and safe for use or in its original condition, including repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. Required maintenance includes periodic or occasional inspection; adjustment, lubrication, and cleaning (non-janitorial) of buildings and fixtures; replacement of parts; and other actions to assure continuing service and to prevent breakdown. Required maintenance does not include contracted custodial or janitorial services, expenditures for the cleaning of a school facility or its fixtures, the care and upkeep of grounds or parking lots, and the cleaning of, or repairs and replacements to, movable furnishings or equipment, or other expenditures as determined by the Commissioner which are not required to maintain the original condition over the facilities' useful life. The salaries of personnel dedicated to required maintenance are recorded under object 100 and should not include the costs of any employees performing janitorial or custodial duties. When district personnel who are not exclusively dedicated to the performance of required maintenance activities perform maintenance activities, districts may credit that portion of the salaries of such personnel to required maintenance expenditures where task-specific documentation of such activities is available and subject to audit. Cleaning, repair, and maintenance services (object 420) is used to record services by non-district personnel for repairs and required maintenance and may **not** include cleaning services. Repairs and required maintenance services include contracts and agreements covering the upkeep of buildings. Cleaning services include garbage disposal services, snow plowing services, custodial services, and lawn care are considered routine maintenance and reported under function 262 below. Allowable required maintenance general supplies (object 610) expenditures are for those items that are consumed, worn out, or deteriorated through use. Other objects (object 800) consist of expenditures for miscellaneous goods or services not classified above.

**Increase in Maintenance Reserve (10-606)** is used to record a budgeted increase in the maintenance reserve account for anticipated deposits for required maintenance activities under EFCFA. To meet the required maintenance needs under EFCFA and the regulations for comprehensive maintenance plans, a district may appropriate funds in its annual budget to supplement the maintenance reserve account or deposit fund balance at any time by board resolution through the transfer of undesignated, unreserved general fund balance or the transfer of excess undesignated, unreserved general fund balance that is anticipated to be deposited in 2005-06 on the recapitulation of balances in the 2006-07 budget certified for taxes. *N.J.A.C. 6A:26A* outlines all the requirements under EFCFA for maintenance reserve accounts.

**Routine Maintenance and Other Operation and Maintenance of Plant Services (11-000-262-XXX)** is used for expenditures meeting the definition of routine maintenance and other operations and maintenance costs to be reported on lines 7626 to 7636. Routine maintenance means contracted custodial or janitorial services, expenditures for the cleaning of a school facility or its fixtures, the care and upkeep of grounds or parking lots, removal of illegal locks or unauthorized construction and the cleaning of, or repairs and replacements to, movable furnishings or equipment, or other expenditures which are not required to maintain the original condition over the school facility's useful life. Included here are the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools, the cost of providing security, and estimated amounts that will be recouped through user charges (e.g. custodian charges for the use of buildings in the evenings). That same estimate of those charges should

also be included in the district's revenues budget as estimated rental income. Remodeling costs are not recorded here but instead are included in the capital outlay sub fund under the facilities acquisition and construction services function. The costs of rewiring facilities for the installation of a LAN and/or WAN are not recorded here, but should be budgeted to 12-000-400-450. The salaries of routine maintenance and other operation and maintenance personnel, both professional and administrative, are recorded under object 100. Other operation and maintenance staff include those responsible for operation and maintenance supervision, operation (heating, lighting, ventilating, repairing and replacing of equipment), staff for care and upkeep of grounds and equipment, vehicle operation and maintenance other than student transportation, and security services staff. This would include employees hired as hall monitors, playground aides, and lunchroom aides. (Note: the additional amounts paid to teachers for such services are reported as teachers' salaries and are not included here.) Purchased professional and technical services for the aforementioned activities are recorded in object 300. Cleaning, repair, and maintenance services (object 420) is used to record services by non-district personnel for cleaning buildings and for repairs and routine maintenance. Cleaning services include garbage disposal services, snow plowing services, custodial services, and lawn care. Repairs and routine maintenance services include contracts and agreements covering the upkeep of equipment. Object 441 is used to record expenditures for the rental of land and buildings for both temporary and long-range use by the LEA. Expenditures for land and building lease purchase agreements should not be recorded here. The interest portion is included under business and other support services and the principal portion included in capital outlay under facilities acquisition and construction services. Other purchased property services (object 490) would include equipment and vehicle rentals or lease purchases for operation and maintenance and utility services such as water and sewage. Other energy costs are separately reported in object 620, including gasoline for other than the district's transportation program. The costs of property insurance are reported in object 520. All other purchased services in the 500 series are recorded in miscellaneous purchased services (object 590), which would include such expenditures as payments to non-district employees for lunch room services and travel expenses for operations and maintenance staff. Other operation and maintenance general supplies (object 610) expenditures are for those items that are consumed, worn out, or deteriorated through use. Other objects (object 800) consist of expenditures for dues and fees for operations and maintenance staff for membership in professional and other organizations, along with miscellaneous goods or services not classified above.

**Student Transportation Services (11-000-270-XXX)** is used to record the costs associated with conveying students between home and school and from school to other school activities as provided by state and federal law. This function includes supervision of student transportation services, vehicle operation services, monitoring services, and vehicle servicing and maintenance services. The full costs of the student transportation program should be reported here, including costs related to certain joint transportation agreements, Consolidated Transportation Services Agencies (CTSA) agreements and interlocal agency agreements. There are two types of joint transportation agreements and the nature of the agreement will determine how the costs are accounted for. 1) Joint transportation agreements that involve a transportation fleet being operated by the lead district or a CTSA and the participating districts being billed their proportionate share should be accounted for in an internal service fund in the accounting records of the lead district or CTSA. Each of the participating districts, including the lead district, should budget their proportionate share of the joint agreement in their current expense budget under Student Transportation Services, using the objects explained below. The internal service fund will record the full costs of the transportation program and record as revenue the amounts billed to the participating districts, including that amount "billed" to the current expense sub fund of their district. 2) Often districts will merely share the costs of a contracted route under the terms of a joint agreement. In these cases, there is no need to segregate the costs of the transportation operations in an internal service fund. Instead, the transportation costs would be recorded directly in Student Transportation Services. The lead district should not net the monies received from other districts against expenditures. The full amount of the costs should be reported as expenditures and the monies received from other districts included in the budget as transportation fees revenue. Also, in instances where the district receives funds from individuals or other local sources such as the municipality towards its transportation program, the full cost of the program should be budgeted and the offsetting revenues recorded as

transportation fees or revenues from other local governmental units - restricted. Both of these revenue sources are outside the definition of net budget. The salaries of transportation staff employees are separately reported as either between home and school - regular (object 160), between home and school - special (object 161), between home and school – nonpublic (object 163) and other than between home and school (object 162). The delineation between regular and special is as follows: if a route is separately established for special education pupils, costs are reported as special. Any other costs are regular. Management Fees for ESC & CTSA Transportation Programs (object 350) is used for administrative fees charged by an ESC or a CTSA for the cost of processing transportation requests for local boards of education and planning those services. Other purchased professional and technical services related to the transportation program are recorded in object 390. Cleaning, repair, and maintenance services related to the transportation program are reported in object 420. Rental payments for school buses are reported in object 442 and lease purchase payments for school buses are reported in object 443. Contracted services for transportation are detailed between vendors and joint agreements, between home and school and other than between home and school, and special education in the 500-510 series. Contracted services – Aid in Lieu of Payments is split into two accounts, Aid in Lieu of Payments – Non Public School Students (object 503) and Contracted Services – Aid in Lieu of Payment for Charter School Students (object 504). Miscellaneous purchased services - transportation (object 593) is used to report those costs in the 400-500 series other than cleaning, repair, and maintenance and contracted transportation services. Transportation related insurance, equipment rentals or lease purchases for other than buses, and travel for transportation staff are reported here. Supplies and materials (object 600) includes those items such as gasoline that are consumed, worn out, or deteriorated through use. Examples of these expenditures would include routine automobile and bus maintenance and energy expenditures such as gasoline. Miscellaneous expenditures (object 800) is used to report miscellaneous expenditures for goods or services not classified above.

**Increase in Sale/Lease-back Reserve (10-605)** is used to record a budgeted increase in the account balance in accordance with *N.J.S.A. 18A:20-4.2* which authorizes boards of education to enter into sale and lease-back contracts on certain instructional materials (i.e., textbooks and non-consumable instructional materials).

**Other Support Services (11-000-290-XXX)** is used to record the costs of support services provided by the district that are not classified elsewhere. Effective beginning 2004-05, specific functions for central services and administration technology have been established and are reported in central services function (251) or administrative technology services function (252). Function 290 should only include those costs not classified anywhere else. Salaries, both professional and administrative, are included in object 100. Miscellaneous purchased services in the 300-500 series are included in object 500. Supplies and materials (object 600) expenditures are for items that are consumed, worn out or deteriorated through use. Miscellaneous expenditures (object 800) is used for expenditures for goods or services not classified above.

**Personal Services - Employee Benefits (11-XXX-XXX-2XX)** is used to report the employee benefits for district staff whose salaries are reported in the general fund other than those allocated to special schools as support services. The benefits of those staff whose salaries are reported in the special revenue, capital projects, and enterprise (food services) funds are not included here but are reported as expenditures in those funds. The district has the option to allocate employee benefits to the various programs/functions of the current expense and capital outlay sub funds. As shown in the Detailed Appropriations Grid, employee benefit lines are included under each of the programs/functions appearing as advertised appropriations lines, with minor exceptions. There also are lines provided for those benefits that are unallocated (function 291). The district has the option of recording benefits as allocated or unallocated. If allocated benefit costs are reported, those allocated amounts will be used by the department in the Comparative Spending Guide and Report Card and for other calculations of per pupil costs that involve an allocation of benefits to various programs/functions of the budget. Any amounts reported as allocated will be directly associated with that program/function in per pupil cost calculations and only those costs reported by districts as unallocated will be associated with the

program/function through a percentage of total salaries application. The total of allocated and unallocated benefits appears as a line in the advertised appropriations section of the budget statement of regular school districts. A summary comparison report is included in the report menu to provide summary totals of allocated and unallocated benefits by the object level detail to allow for a comparison of the three years of budget data at the required minimum outline level. A sample of this report is in Section I of this publication. The employee benefits are detailed between group insurance (object 210), social security contributions (object 220), T.P.A.F. contributions - ERIP (object 232), other retirement contributions - regular (object 241), other retirement contributions - ERIP (object 242), unemployment compensation (object 250), workmen's compensation (object 260), health benefits (object 270), tuition reimbursement (object 280), and other employee benefits (object 290). Amounts paid by the board for social security taxes on extra compensation that will not be reimbursed by the state should be included in object 220. Objects 232 and 242 should include those additional contributions to the State Health Benefits Program related to personnel participating in the early retirement incentive program. Other employee benefits (object 290) includes unused sick leave, the costs of drug testing and fingerprinting, uniforms purchased for employees in accordance with union contracts, and assessment billings from the Department of Labor.

**Food Services (11-000-310-XXX)** is used to report the board's share of expenditures for the food service program. The food service operations activity could be recorded in an enterprise fund or the general fund, depending on its revenue sources. If an LEA receives state or federal reimbursement for or collects fees from students for the cost of meals, the entire food service operations activity would be recorded in the enterprise fund. All the costs of the program would be recorded in that fund and not in the general fund. Any contribution by the board towards the food services operation, including salaries, benefits, etc. are summarized and reported as one lump sum in transfers to cover deficit (object 930) and should not be included elsewhere in the budget. Based on the limited number of districts that are not required to account for their food service program in an enterprise fund, one line (7550) is provided in the detailed appropriations.

**Capital Outlay (sub fund 12)** is used to record capital items that are funded by general fund revenues. It includes increases in the general fund capital reserve account, equipment purchases, and facilities acquisition and construction services.

**Increase in Capital Reserve (10-604)** is used to record a budgeted increase in the capital reserve account for anticipated deposits to be used to implement the local needs of capital projects in the districts' approved LRFP and updated annually in the QAAR. Investment income on capital reserve balances should be recorded separately in appropriation line 7695. Upon submission of the district's LRFP, the district may deposit fund balance into the capital reserve account to meet the local needs of its LRFP at any time by board resolution through the transfer of undesignated, unreserved general fund balance or the transfer of excess undesignated, unreserved general fund balance that is anticipated to be deposited in 2005-06 on the recapitulation of balances in the 2006-07 budget certified for taxes. Audited excess undesignated, unreserved general fund balance shall not be deposited into a capital reserve account and shall be reserved and designated in the subsequent year's budget pursuant to *N.J.A.C. 6A:23-8.6*. A district may also appropriate funds in its annual budget to supplement the capital reserve account to meet the local needs of its LRFP; such appropriation is outside the net budget cap calculation.

**Equipment (12-XXX-XXX-73X)** items are any instrument, machine, apparatus, or set of articles (including software) which meets all the following criteria:

1. It retains its original shape, appearance, and character with use;
2. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;

3. It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit;
4. Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for at least one year.

The above criteria are adapted from the National Center for Education Statistics (NCES) Financial Accounting for Local and State School Systems, 2003 Edition. One additional point reflected in the NCES supply/equipment decision tree is the capitalization threshold. "If the item exceeds the minimum dollar value mandated by the state or other government unit (with due regard for group control of some items)" and all four of the above criteria have been met, then the item should be classified as equipment. The capitalization threshold for NJ school districts for budgeting, accounting, and financial reporting purposes is \$2,000. This threshold does not preclude a district from using a lower threshold for insurance or asset management/management control purposes. An item should be classified as a supply if it does not meet the stated equipment criteria and the cost is not more than the capitalization threshold of \$2,000.

The payments made on the lease purchase of equipment are budgeted as rental payments under the appropriate program and function, not as equipment purchases. Equipment purchases are reported on the applicable line of the budget based on the purpose of the purchase. For example, if the item will be used in a grade six classroom, it would be budgeted in 12-130-100-730. If the item will be used in the superintendent's office, it would be budgeted in 12-000-230-730. Undistributed Expenditures - Instruction (12-000-100-730) is used to record equipment purchases for instruction purposes that will cross programs. Equipment that will be used for cocurricular/extracurricular or athletic programs is reported as School-Sponsored and Other Instructional Programs (12-4XX-100-730). Equipment purchases for Attendance and Social Work Services, Health Services, and Other Support Service - Regular are summarized and reported in 12-000-210-730. Expenditures for related and extraordinary equipment purchases should be budgeted under 12-000-21X-730. Equipment purchases for Improvement of Instruction Services/Other Support Services - Instructional Staff, Educational Media Services/School Library, and Instructional Staff Training Services are summarized and reported in 12-000-220-730. Equipment purchases for student transportation are segregated between purchases other than school buses (12-000-270-732), school buses for routes established solely for the transportation of special education pupils (12-000-270-734) and buses for other routes (12-000-270-733). Equipment purchases for hubs and routers purchased for the installation of a LAN and/or WAN are considered part of the infrastructure of the computer system of the district and are reported in account 12-000-252-730. Equipment purchases for special schools programs are summarized and reported in 12-XXX-X00-730. Expenditures for equipment purchased with restricted grant revenues are recorded in the special revenue fund and are subject to grant regulations that may contain different criteria for determining equipment items.

**Facilities Acquisition and Construction Services (12-000-400-XXX)** is used to record activities funded by current revenues concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites. The salaries of district employees for such activities are recorded in object 100. Legal services related to construction projects are included in object 331. Other purchased professional and technical services such as architects, engineers, and specification (blueprint) developers are recorded in object 390. Construction services (object 450) includes amounts for constructing, renovating, and remodeling paid to contractors and includes rewiring of buildings for the installation of LANs and/or WANs. General supplies and materials are reported in object 610. Land and improvements (object 710) includes expenditures for the purchase of land and improvements thereon. Purchases of air rights, mineral rights, and the like are included here. Do not include expenditures for improving sites after acquisition, which should be included under construction services. The principal portion of lease purchase agreements for the acquisition of land and buildings is reported

in object 721. This does not include the lease purchase of equipment, which is coded as a rental. Purchases of buildings other than via lease purchase agreements are reported in object 722. The portion of a purchase attributable to infrastructure is reported in object 780. Examples of infrastructure include water and sewer systems, roads, drainage systems, street lighting systems, or storm sewer systems with catch basins, storm drains, and inlets considered as subsystems. Also included here but previously in land and improvements are special assessments against the LEA for capital improvements which are for infrastructure such as streets, curbs, and drains. Other miscellaneous expenditures for facilities acquisition and construction services not classified above are reported in object 800. The regular debt service cost center includes lines for the budgeted principal and interest payments on Commissioner approved lease purchase agreements with terms in excess of five years approved prior to EFCFA, with inclusion of such payments as amounts eligible for debt service aid. Do not include any such payments on line 8300.

Three appropriation lines correspond to EFCFA transfers - from capital outlay to capital projects fund (line 8326), from capital reserve to the capital projects fund (line 8335) and from capital reserve to the debt service fund (line 8336).

**Special Schools (sub fund 13)** is used to report the costs of special schools funded by current resources other than state and federal grants. The entire cost of adult school programs, including community schools, is budgeted here. The estimate of fees that will be collected should be budgeted as restricted miscellaneous income. When reporting expenditures, a district will designate its share of local spending between instruction and support services and within the objects in those functions. If its determination is that its entire local share for a program is towards teachers' salaries that would be the only budget line filled in for that program. The salaries of teachers and substitutes are recorded in object 101. If teachers cross program categories, their salaries should be prorated based on the time spent in each program. The salaries of assistants or aides to instructional staff other than secretarial and clerical personnel are reported in object 106. Purchased services (300 and/or 500) include those contracted services that are related to the instruction provided in the classroom with the breakout between professional and technical and other purchased services. Other purchased services (400-500 series) includes any rental or lease purchase of equipment for the program classroom use. General supplies (610) include those teaching supplies other than textbooks such as workbooks, tests, chalk, paper, pencils, paints, and other classroom supplies. Textbooks are recorded under object 640. Other objects (800) includes those classroom costs for regular instruction that are not included in the above classifications. The budget lines for special schools support services are used to report those administrative expenditures allocated by the district to the special school as part of its local share of funding the program. These allocated costs should include the incremental costs of maintaining the programs and should not include those which would not be eliminated with the elimination of the program. The support services expenditures are segregated between salaries (object 100), personal services - employee benefits (object 200), purchased professional and technical services (object 300), other purchased services in the 400-500 series (object 500), supplies and materials (object 600), and other objects (object 800). It should be noted that summer school tuition should be reported as revenue and not netted against budgeted appropriations.

**Transfer of Funds to Charter Schools (10-000-100-56X - regular districts only)** is used to record the estimated payment of district general fund revenues related to resident students projected to attend a charter school is provided by the department and includes the projected per pupil regular education spending and special education and bilingual aid amounts for those pupils. The district general fund payments should be budgeted on line 9465. The estimated payments for restricted formula aids (early childhood program aid, demonstrably effective program aid, distance learning network aid and instructional supplement aid) should be budgeted in the appropriate lines (13292, 13682, 13892, 14242) for each of those aids in account 20-21X-100-56X.

**General Fund Contribution to Whole School Reform (10-000-520-930 - Abbott districts only)** is used to record the general fund contribution (allocation of unrestricted local, state, and federal revenues) included as a revenue source in the blended resource school-based budgets of Abbott schools. There will be an edit check in the budget software that the amount entered on this line agrees with the total of the amounts reported as general fund contribution revenues in the district's school-based budgets.

**Special Revenue Fund (fund 20)** is used to record local, state, and federal restricted grants.

Restricted Federal Grants:

Restricted federal grants detailed appropriations should be budgeted on lines 9670 through 9740. Federal grants that do not have a specific line item, such as Learn and Serve America, should be budgeted on line 9730 – Other; the program range to select for other federal projects is 450-469. Line 9685, Schoolwide Programs, has been added for non-Abbott districts that wish combine funds in an approved schoolwide program under NCLB §1114. This also requires departmental approval as obtained in their federal grants budget application. Districts should refer to the NCLB Reference Manual for further guidance on schoolwide programs and to the NJ Chart of Accounts for further guidance on federal grant account coding including No Child Left Behind (NCLB).

Carryover of State Restricted Aids:

Lines are included in the special revenue fund revenues section of the budget for the carryover of restricted formula aids – Early Childhood Program Aid (ECPA) (421), Demonstrably Effective Program Aid (DEPA) (422), Distance Learning Network Aid (423), and Instructional Supplement Aid (424). These restricted aids are dedicated, nonlapsing sources of funds. Such revenues that are not expended or encumbered by June 30<sup>th</sup> of the budget year must be classified as deferred revenue in the financial accounts and statements of the district. They will not be considered due back to the department. Amounts anticipated as available for carryover at June 30, 2006 that will be incorporated into the district's 2006-07 spending plans for allowable program expenditures should be entered on the applicable line in the 2006-07 column (col. 4). The 2004-05 amounts identified and included in 2005-06 plans should be entered on the applicable line in the 2005-06 column (col. 3). As a reminder, districts should review the original amounts anticipated as carryover and included in the certified 2005-06 budget and make any required amendments to the approved plans based on the results of the annual audit for differences in anticipated and actual carryover amounts. Amendments will be required to the 2005-06 plans if the audited carryover amount was less than the anticipated carryover. Any additional June 30, 2005 carryover amounts identified through the audit that will not be included in the 2005-06 plans must be budgeted as carryover amounts and incorporated into the 2006-07 plans. Supporting Documentation Items 15 and 16 provide for the identification of ECPA and DEPA carryover funds as a source of funding for the planned program/strategy. Carryover revenues are not included in the calculation of current year net budget. Under *N.J.A.C. 6A:23-5.4(d)* and *N.J.A.C. 6A:23-5.5(d)*, ECPA and DEPA carryover funds not identified prior to the preparation of the subsequent year budget and included in that budget must either be appropriated during the subsequent year with the approval of the Commissioner or the Commissioner's designee or retained as deferred revenue until the second subsequent year budget. DEPA revenues that are not expended must be carried over for expenditure in the location that generated the revenue. Distance learning and instructional supplement carryover funds may be appropriated for approvable expenditures when identified as available; specific approval of the use of these carryover revenues is not required.

**Early Childhood Programs (20-211-XXX-XXX)** is used to report the restricted appropriations for state aid pursuant to *N.J.S.A. 18A:7F-16* distributed to all school districts with high concentrations of low-income students, for the purpose of providing full-day kindergarten and preschool classes and other early childhood programs and services. The appropriations are summarized under three functions: (1) instruction, (2) support, and (3) facilities acquisition and construction services, at the object level

following the minimum outline for the special revenue fund. Further detail of the summarized information is required in Supporting Documentation Item 15.

Budgeted appropriations should be consistent with the 2006-07 projected costs included in the Early Childhood Program One-Year Operational Plan of non-Abbott districts. Abbott districts should refer to the Abbott Addendum Budget Guidelines.

The principal payment on a lease purchase agreement for the construction of facilities approved prior to EFCFA, is coded under facilities acquisition and construction services. The interest portion of the payment is considered a support services cost.

A line is included in the budgets of regular districts to allow those districts receiving early childhood program aid to transfer general fund costs as well as a local contribution towards the costs of the preschool, full-day kindergarten, and early childhood programs to the special revenue fund. Those districts that wish to record the full instruction cost of their preschool, full-day kindergarten, and early childhood programs in the special revenue fund, should develop those appropriation budgets and calculate the amount of the local contribution, including the transfer of the costs of the half-day program from the general fund to the special revenue fund. The contribution amount should be reported on the transfer lines provided in the budget (line 511 of the revenues section and lines 2506 and/or 2511 of the appropriations section). There will be an edit check that these amounts agree.

Abbott districts are required to only record the full cost of preschool in the special revenue fund and full-day kindergarten and other early childhood programs and services are to be recorded in the school-based blended resource budgets. Preschool costs are not transferred to the blended resource school-based budgets and therefore any transfer of general fund (line 511) to the special revenue fund is to augment preschool costs. Abbott districts that have met all the requirements for preschool and still have ECPA funds available in the special revenue fund must transfer the remaining ECPA to whole-school reform on line 13291. There will be an edit check that the amount reported on line 13291 agrees with the total of the ECPA revenue reported in the blended resource school-based budgets.

Non-Abbott districts that have met all the statutory requirements for full-day K and preschool and still have ECPA funds available, may use ECPA to fund the full-day K programs and programs for grades one through three.

There will be an edit check that the total of the various revenue sources (early childhood program aid prior year carryover (421), early childhood program aid (425), preschool expansion aid (429), transfer from general fund - preschool/kindergarten (511), interest on capital reserve (512), and budgeted withdrawal from the capital reserve (513)) equals the total budgeted appropriations (13300) for early childhood program. Line 13292 is used to budget the estimated payment of early childhood program aid to charter schools generated by the resident students projected to attend the charter schools. This figure is provided by the department.

Districts should review *N.J.A.C. 6A:23-5.4* and *N.J.A.C. 6A:8-2* and 8-3 on early childhood programs prior to development of the budgeted appropriations for these funds. Abbott districts are also subject to and should review *N.J.A.C. 6A:24-3*.

**Demonstrably Effective Program Aid (20-212-XXX-XXX)** is used to report the restricted appropriations for the demonstrably effective program aid generated by school based on the formula contained in *N.J.S.A. 18A:7F-18*. The aid is generated for the purpose of providing instructional, school governance, and health and social services programs to the students enrolled in the generating school. *N.J.A.C. 6A:23-1.2* defines demonstrably effective programs as those programs, strategies or services pursuant to *N.J.S.A. 18A:7F-18* that are established through state resources and are research-based or have demonstrated through strong, logical, empirical, research evidence that improvement in academic performance is educationally significant. Such programs, strategies or services result in high student

achievement. These programs, strategies or services are either expressly identified in *N.J.S.A. 18A:7F-18* or are approved by the State Board in accordance with *N.J.A.C. 6A:23-5.5(b)1* or *N.J.A.C. 6:8-9.8(b)*.

When developing the proposed DEPA appropriation plan, consideration should be given to both revenue sources for the school level plans: 1) the current year DEPA allocation; and 2) anticipated carryover from the prior year allocation. This information will be collected by location in the school level plans that are keyed in Supporting Documentation Item 16c. The district summary by object of the appropriations included in the school level plans reported on Item 16 is keyed in the detailed appropriations on lines 13410 to 13670.

The appropriations are summarized under three functions: (1) instruction, (2) support, and (3) facilities acquisition and construction services, at the object level following the minimum outline for the special revenue fund. Budgeted appropriations must agree with the school level operational plans and the amount of prior year aid that is anticipated for carryover and included in the current year budgeted revenues. The school level budget that must be prepared under *N.J.A.C. 6A:23-5.5(c)* is provided through the submission of Supporting Documentation Item 16c. Preparing budgets by school requires an expanded coding structure for those districts' chart of accounts to track expenditures by location. It is suggested that districts include a two or three digit dimension, depending on number of schools, for location. Software vendors have advised us that the preferred addition of dimensions is after the other required dimensions of the minimum outline.

Although programs/strategies are a required component for DEP plans, beginning in 2004-05, districts were no longer required to budget and account for in their financial records appropriations by program/strategy, only by school. Supporting Documentation Item 16a still requests a summary of each program/strategy budgeted and the estimated cost by school. A list of currently approved DEP codes is contained in Section I under supporting documentation 16, and descriptions of those programs are included in Appendix C of this document.

The budget software will contain edits that the total of the amounts entered for each program/strategy agree with the total detailed budget entered for that same school and that the amounts entered by school agree with the amounts entered on lines 13410 to 13670. There will also be an edit that the total of the budget for a school equals the amount of demonstrably effective program aid generated by the location. Line 13682 should be used to budget the estimated payment of demonstrably effective program aid to charter schools generated by the resident students projected to attend the charter schools and coded to program 999 in Supporting Documentation Item 16c. This figure is provided by the department.

School level DEPA plans are not required for Abbott schools with blended-resource budgets. These expenditures will be included in the blended resource school-based budgets submitted for those schools. The total of DEPA resources, both current year and prior year carryover, allocated to the blended resource budgets is reported on line 13681, Contribution to Whole School Reform. There will be an edit check that the amount reported on this line in the district-wide budget agrees with the total of the DEPA current year and carryover revenues reported in the school-based budgets. Abbott districts should reference the separate manual, Budget Guidelines Addendum for Abbott Districts for sample forms and detailed explanations regarding completion of the district-wide budget and school-based budget statements.

Districts should review *N.J.A.C. 6A:23-5.5* on use of DEPA prior to development of the budgeted appropriations for these funds.

**Distance Learning Network Aid (20-213-XXX-XXX)** is used to report the restricted appropriations for state aid pursuant to *N.J.S.A. 18A:7F-22*. The appropriations are summarized under two functions: (1) support and (2) facilities acquisition and construction services and should include the estimated carryover of prior year aid included in the current year budgeted revenues. Further detail of the summarized information is required in Supporting Documentation Item 17. Distance learning

network aid is intended to supplement rather than supplant existing district technology plans. It may be used for the lease or purchase of additional technology items, but may also be used to make payments under existing lease agreements that were initiated no earlier than July 1, 1996. All expenditures from distance learning network aid must support distance learning activities and services, to assist all pupils in achieving New Jersey's Core Curriculum Content Standards. Distance learning network aid shall be a dedicated, nonlapsing source of funds. It may be used for developing plans, equipment, wiring, access fees, software and supplies, professional development, staffing, maintenance, and other uses that may be necessary for the establishment of effective distance learning networks. The only administrative costs that are considered allowable are those directly related to the distance learning activities and services that are provided to assist all pupils in achieving New Jersey's Core Curriculum Content Standards.

Districts which send students to another school district on a tuition basis may, in proportion to the resident districts sent to another school district to their total of all resident students, pass through those funds to the receiving districts by recording those payments as distance learning "tuition" in line 13820. These funds are in addition to the regular tuition rate based on the 2005-06 estimated general fund expenditures and may not be used to offset those payments. If this option is selected, the sending district must notify the receiving district of the amount and the receiving district must record that portion of the tuition revenue in the special revenue fund together with its distance learning network aid revenue as additional distance learning network aid revenue and expend such funds only for the designated purposes. This is a mechanism for the aid generated by the child to be passed through to the receiving district to provide the services to the child in its distance learning plan.

Line 13892 should be used to budget the estimated payment of distance learning network aid to charter schools generated by the resident students projected to attend the charter schools. This figure is provided by the department. The amount included in the blended resource school-based budgets of Abbott schools is reported on line 13891.

**Instructional Supplemental Aid (20-214-XXX-XXX)** is used to report the restricted appropriations for state aid pursuant to *N.J.S.A. 18A:7F-18c*. The appropriations are summarized under two functions: (1) instruction and (2) support services. Further detail of the summarized information is required in Supporting Documentation Item 18. The aid is intended to provide supplemental services to students from low-income families, similar to demonstrably effective program aid. Although expanded coding is not required to track the individual programs, budgets should be developed to expend the funds for similar programs. Use line 14242 to budget the estimated payment of instructional supplement aid to charter schools. This figure is provided by the department.

**Debt Service Fund (fund 40)** appropriation reporting is detailed between regular debt service and Additional State School Building Aid.

Principal and interest payments on Commissioner approved lease purchase agreements with terms in excess of five years approved prior to EFCFA, should be entered on lines 9791 and 9792. The county superintendent will verify that the amounts budgeted relate to lease purchase agreements approved prior to EFCFA which were eligible for debt service aid. All other lease purchase payments should be budgeted in the appropriate line of the general fund budget.

*N.J.S.A.18A:24-61.2* permits school districts to issue refunding bonds to fund their remaining early retirement incentive program liability. Beginning in 2003-04, a district should budget the current year principal payment of the new debt obligation on appropriation line 9796, "Redemption of Principal – Early Retirement Bonds", and the current year interest obligation of the new debt obligation on appropriation line 9795, "Interest on Early Retirement Bonds." Note that a district will not receive debt service aid on the refunding bonds since the original debt obligation was not related to a capital project.