

**SECTION II – SPECIFIC COMPLIANCE**  
**FUND 20 – SPECIAL REVENUE FUND**

**TPAF Reimbursement**

*N.J.S.A.* 18A:66-90 requires that each local board of education reimburse the state for the employer share of pensions, group life insurance, FICA and other benefits of the Teachers' Pension and Annuity Fund (TPAF) for TPAF members carrying out and paid from federally funded programs. Auditors should refer to the updated letter and downloadable form on the NJDOE website: <http://www.nj.gov/education/finance/ba/tpaf.shtml>

Districts were given specific guidance in a hotline dated June 29, 1993 on accruing a liability for the TPAF Pension and Social Security related to salaries charged to federal grants. The reimbursement must be made by the September 30th following the fiscal year end. Auditors are required to certify the accuracy of the reimbursement via their signature on the reimbursement form submitted by the district with the actual reimbursement. If submission of the reimbursement form is performed prior to the completion of audit procedures, the form may initially be submitted without the required auditor signature and a revised form reflecting the auditor signature may be subsequently submitted.

Auditors should also include in their audit procedures a test of the biweekly reimbursements filed electronically with the department for all TPAF employees.

**Restricted State Aids**

Overview

Under CEIFA four restricted state formula aids, Demonstrably Effective Program Aid (DEPA), Early Childhood Program Aid (ECPA), Distance Learning Network Aid (DLNA), and Instructional Supplement Aid (ISA), were enacted and for fiscal year ends through June 30, 2008 are accounted for in the special revenue fund. These restricted formula aids may only be expended for allowable expenditures in accordance with the type of aid received. Beginning in 2003-04, DLNA funding was combined into a general fund Consolidated Aid category. The only potential available resource in 2007-08 for DLNA is from a prior period carryover. The district wide actual totals of these restricted formula aids are to be included in the CAFR, Special Revenue Fund – *Combining Schedule of Revenues and Expenditures*, Exhibit E-1, on the budgetary basis. Prior to year end June 30, 2008 the budget allowed for anticipated carryover for these four restricted formula aids in the special revenue fund. For year end June 30, 2008 guidance was issued (2008-09 *Budget Guidelines* P. 26) to budget the anticipated carryover of DEPA, DLNA, ISA and TARA for 2008-09 as unrestricted general fund revenue. For year end June 30, 2008 the guidance for DEPA, TARA, DLNA and ISA is to record an interfund receivable and deferred revenue in the general fund and interfund payable and a corresponding revenue reduction in the special revenue fund equal to the audited carryover for each program. For districts with an approved multi-year TARA plan, June 30, 2008 carryover may be maintained and reported in the special revenue fund for use in accordance with the approved plan. Otherwise, deferred revenue should be recognized as revenue in the general fund for fiscal year June 30, 2009. Where the amount anticipated as revenue in the 2008-09 budget is less than the actual audited 2007-08 carryover, the difference may fall to general fund surplus. Districts may request Commissioner approval to appropriate the carryover during 2008-09 in accordance with *N.J.A.C.* 6A:23-2.11. In the event that the anticipated carryover is more than the actual audited carryover, the district must revise their 2008-09 general fund budget.

The following is a summary of the accounting and the reporting requirements for these aids.

**Encumbrances:**

As for years ending prior to June 30, 2008, DEPA, DLNA, ISA or TARA open year end encumbrances will be reported in the special revenue fund as budgetary expenditures (C-1) for year end June 30, 2008

and as special revenue fund GAAP expenditures (B-2) for year end June 30, 2009. Appropriate reconciling entries should be included on the Budgetary Comparison Schedule (C-3) for each year.

Currently under GAAP, there are no fund balances related to grant revenues in excess of expenditures in the special revenue fund since the revenue recognition criteria in the Special Revenue Fund requires that any excess revenue be reported as deferred revenue. This also applies to the five restricted state aids (ECPA, DEPA, DLNA, ISA, and TARA) being accounted for in the special revenue fund. However, for year ends including June 30, 2008, there may be a deficit fund balance in the GAAP statements for these five restricted state aid classifications due to the non-recognition of the revenue for the last state aid payment. Although the DEPA, DLNA, ISA, and TARA aid categories have been eliminated for 2008-09, the initial remittance of state aid during July 2008 (2008-09) includes the deferred state aid from 2007-08 (payment number 20 from the district’s 2007-08 state aid notice). This payment is to be used to satisfy the budgetary receivable in the special revenue fund at June 30, 2008 and will be reported as GAAP revenue for 2008-09 in the special revenue fund.

**Auditor’s Note** – Auditors should review Appendix A of this Audit Program for items that specifically relate to districts that are required to use school-based budgeting.

**Last State Aid Payment**

Districts prepare their budgets based on state aid revenue paid over twenty cash payments. Beginning in fiscal year 2002-03, the State determined that the last payment would not be paid until July of the subsequent year. GASB 33 requires that the provider government and recipient government recognize a payable and receivable in the same fiscal period. N.J.S.A. 18A:22-44.2 requires that districts include the last state aid payment as revenue for budgetary purposes only. Beginning in 2002-03, there may be a year end difference between the revenue for GAAP reporting and revenue for budgetary comparisons for any fiscal year in which the last state aid payment is deferred to the subsequent fiscal year. DEPA, ISA, DLNA, and TARA are not included as state aid categories in the special revenue fund for budget year 2008-09. However, the first state aid payment of 2008-09 (July 2008) includes the remittance of the deferred final payment from 2007-08. This payment will be reported in the special revenue fund as budgetary revenue (C-2) for the year ended June 30, 2008 and as GAAP revenue in the special revenue fund for the year ended June 30, 2009 (B-2). Appropriate reconciling entries should be included on the Budgetary Comparison Schedule (C-3) for each year. Chapters II-8 and III-6 provide an in depth discussion of the budget to GAAP reconciliation. As in prior years, for June 30, 2008 districts will not report fund balance in the special revenue fund with the exception of a deficit due to the deferred state aid payment.

**Sample Accounting for Carryover to Unrestricted Aid:**

		General Fund		Special Revenue Fund	
		DR	CR	DR	CR
Record transfer of computed budgetary basis carryover at 6/30/08					
Interfund Accounts Receivable	10-132	107,150			
Deferred Revenue	10-481		107,150		
Revenue	20-32XX*			107,150	
Interfund Accounts Payable	20-402				107,150

\*DEPA = 20-3212  
 DLNA = 20-3213  
 ISA = 20-3214  
 TARA = 20-3217

The deferred last state aid payment #20 will be received in July '08 in satisfaction of the June 30, 2008 budgetary state aid receivable in the special revenue fund and GAAP revenue also in the special revenue fund. Districts with computed June 30, 2008 budgetary carryover from the special revenue to the general fund must record the satisfaction of the interfund receivable/payable established at June 30, 2008 and recognize unrestricted general fund revenue equal to the computed budgetary carryover.

## I. Demonstrably Effective Program Aid

*N.J.A.C. 6A:23-5.5* provides rules for demonstrably effective programs (DEP), strategies or services pursuant to *N.J.S.A. 18A:7F-18*. Such programs include but are not limited to alternative schools, community schools, class size reduction programs, additional programs that are recommended or revised by the Commissioner; and specific supplemental programs shown to be beneficial for districts with high concentrations of students from low-income families including health services, comprehensive guidance counseling, programs to ensure that schools are safe and drug free, summer school and outreach for dropouts. Effective July 1, 2001, districts may no longer transfer ECPA to DEPA.

Beginning with fiscal year 2003-04, districts receiving DEPA are no longer required to maintain separate detailed accounting by programs and services (strategy) but must still report DEPA by school. Districts receiving DEPA must maintain the budget to actual status of the appropriations by school location. DEPA allocations for 2007-08 were not recalculated but were based on 2001-02 school level DEPA allocations which were generated on a revenue basis. Some districts' 2007-08 DEPA allocations by school will not agree with the total DEPA revenue. Those districts have the flexibility to allocate any additional amounts to any existing school that currently generated DEPA or to a new school. If a district opened a new school, the district should have developed a new operational plan for the school receiving the funds. The district should provide auditors with documentation of department approval of the new operational plan if the district has allocated DEPA to a new school. School district auditors should reference the memo issued by the Office of Fiscal Policy and Planning to School Business Administrators on February 6, 2003 on Budgeting for DEPA if the DEPA allocations by school have been revised. Districts that fail to use DEPA as required by *N.J.A.C. 6A:23-5.5* shall be subject to recession of aid and additional monetary penalties as established by the Commissioner.

### Deferred Revenue/Carryover

Through 2007-08 DEPA funds must be utilized in the schools that generated the aid. For year ends prior to June 30, 2008 DEPA revenue that was not expended or encumbered by June 30th of the budget year was classified as deferred revenue in the financial accounts and statements of the district and added to the revenue of a subsequent year budget in one of three ways:

1. When identified prior to the preparation of the subsequent year budget and incorporated therein;
2. Appropriated during the subsequent year with the approval of the Commissioner or his designee; or
3. Retained as deferred revenue until the second subsequent year budget.

Districts were advised to budget anticipated DEPA carryover as unrestricted general fund revenue for 2008-09 (2008-09 *Budget Guidelines* P. 26). Accordingly, DEPA budgetary revenue that is not expended or encumbered at June 30, 2008 must be reported as carryover available for transfer to the general fund on the face of the Schedule of Demonstrably Effective Program Aid. Report the carryover as interfund receivable and deferred revenue in the general fund balance sheet (B-1) at June 30, 2008 and as interfund payable in the special revenue fund balance sheet (B-1). Any excess of actual audited carryover over unrestricted general fund revenue anticipated in the 08-09 budget will fall to general fund surplus at June 30, 2009 and may be subject to the excess surplus calculation at June 30, 2009. See related guidance on page II-20.1 of this *Audit Program*.

As in prior years, open year end encumbrances will be reported in the special revenue fund as budgetary expenditures (C-1) for year end June 30, 2008 and as special revenue fund GAAP expenditures (B-2) for year end June 30, 2009. Appropriate reconciling entries should be included on the Budgetary Comparison Schedule (C-3) for each year. The deferred state aid payment received July 2008 will be reported in the special revenue fund as budgetary revenue (C-2) for the year ended June 30, 2008 and as GAAP revenue in the special revenue fund for the year ended June 30, 2009 (B-2). Appropriate reconciling entries should be included on the Budgetary Comparison Schedule (C-3) for each year. As in prior years, for June 30, 2008 districts will not report fund balance in the special revenue fund with the exception of a deficit due to the deferred state aid payment.

A 2006-2007 Carryover Funds form was required to be utilized by districts to request use of the 2006-2007 DEPA balances or to adjust prior estimates (a copy of this form with instructions was distributed via departmental memoranda). A district that anticipated carryover balances when preparing its 2007-08 budget may have been required to amend its approved plan if the estimated amount anticipated was incorrect. Districts were required to have the use of DEPA carryovers approved by board resolution. There is no requirement to track the carryover funds in separate revenue or expenditure accounts by year. Once approved, these funds were considered current year revenue and expenditures. For 2007-08, a district board of education must have used the carryover at the location that generated the aid and must be used only for approved demonstrably effective programs, strategies or services pursuant to *N.J.A.C. 6A:23-5.5*.

#### Transfers/Revisions For Year End 2007-08

A transfer notification form is required for all DEPA revisions to notify the department of the plan amendments and in some cases to document the approval of the transfer. Minor revisions, which are defined as those which do not jeopardize the accomplishment of the objective nor shift more than a cumulative 10 percent of the money allocated for the program/strategy, do not require prior written approval. Substantive revisions which require prior written approval include the elimination of a strategy or reallocation of more than a cumulative 10 percent of the money allocated to the strategy/program. Either the chief school administrator or school business administrator must sign the transfer forms. Copies of the forms are kept on file at the district and with the department and are available for audit.

*Auditor's Note* – Auditors should review the *State Aid/Grants Compliance Supplement* for suggested audit procedures  
<http://www.nj.gov/njded/finance/fp/audit/0708/>.

*Auditor's Note* – Auditors should review *Appendix A of this Audit Program* for items that specifically relate to districts that are required to use school-based budgeting.

**For districts not required to use school-based budgeting**, the transfer notification form is submitted to the county superintendent who is responsible for review and, if necessary, approval. Substantive revisions require prior written approval. The transfer form is returned to the district indicating approval of the plan revision in the space provided. Acknowledgment of receipt of minor transfers/revisions is made through the return of the transfer notification form to the district. The county office monitors the district transfer approval submissions for districts not required to use school-based budgeting.

#### Expenditure of Funds

Revenue and expenditures for DEPA are reported in the Other Supplementary Information section of the CAFR on the budgetary basis in the E-2 series. The district wide actual results from the school schedules

are reported on the budgetary basis in the *Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis*, Exhibit E-1, and are added in with other special revenue fund activity for the Budgetary Comparison Schedule – Special Revenue Fund, Exhibit C-2.

Districts were advised by letter dated January 17, 2003, that beginning in 2003-04 they were no longer required to itemize DEP by program/strategy for the budget. An itemized accounting setting forth the precise allocation of DEPA funds (i.e., price per unit and quantities, hourly rate and number of hours worked in the case of stipends) is still required to support each DEP activity listed in the DEPA Operational Plan for each school. Districts were required to budget a total cost for each strategy and provide detailed budgets by school. Beginning with the 2003-04, the financial statement reporting should reflect this change and show detail by school but not by program/strategy. The sample schedules in this chapter have been modified to illustrate the change.

Through June 30, 2008 DEPA must be spent at the school that generated the aid, and reported accordingly. Districts are required to prepare DEPA budgetary schedules using the minimum outline for the special revenue fund.

The bottom portion of the district's 2007-08 DEPA budgetary schedule (E-2) includes a summary of the calculation of the budgetary carryover to general fund unrestricted revenue for 2008-09. The total DEPA budgetary carryover per the E-2 must agree to the total of the GAAP interfund payable reported in the Deferred Revenue/Interfund Payable column of Schedule B, *Schedule of Expenditures of State Financial Assistance*, under DEPA. These schedules are the responsibility of the district.

A list of DEP programs utilized in 2007-08 is on page 129 of the 2007-08 *Budget Guidelines*, and descriptions of these programs are included in Appendix C of that document. Auditors should also refer to pages 55-56 of the Budget Guidelines detailed appropriations grid. 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. A separate line is used for the Contribution to Charter Schools. (Note that pursuant to CEIFA, 2000-01 was the last year in which ECPA could be used for DEP and educationally meritorious programs.)

Audit procedures to be performed should include verifying that the funds were expended only for approved demonstrably effective programs, strategies or services pursuant to *N.J.A.C. 6A:23-5.5* and are in compliance with the department approved DEP school-level operational plans. Auditors should verify that the required Carryover Funds form was filed and that the proper revisions were made for June 30, 2007 carryovers by location. Auditors should verify if the 2007-08 DEPA plan was amended to reflect audited carryover balances, on a test basis that the district has completed the transfer notification form for DEPA transfers and where appropriate obtained prior written approval. Minor transfers, that do not jeopardize the accomplishment of an objective or shift more than 10% of the money allocated for the program/strategy, do not require prior written approval. Substantive revisions that include the elimination of a strategy or reallocation of more than 10% require prior written approval. See also the State Aid/Grant Compliance Supplement available for the applicable year on the NJ Treasury (OMB) web site for suggested audit procedures.

All instances of non-compliance must be included in the Auditor's Management Report, including if the district is not tracking expenditures by location.

***PREPARING THE DEMONSTRABLY EFFECTIVE PROGRAM RESTRICTED AID (DEPA)  
SCHEDULES***

The *Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis (E-2 series)* is prepared from the district records and is the responsibility of the district. The district wide summary schedule is to be included in the *Combining Schedule of Revenues and Expenditures, Special Revenue Fund – Budgetary Basis (E-1)*.

A separate schedule must be prepared for each location as well as a district-wide schedule. Beginning with 2004-05, the location schedules are no longer presented by program code. The format of the schedule was redesigned for 2004-05, eliminating the program code presentation, but maintaining the calculation of deferred revenue by location.

Line (1) represents the 2007-08 DEPA allocation for that school. Note: In instances where original aid allocations by school included closed schools or omitted schools, department approval would have been necessary to change the by school allocation and should be on file at the district. This amount can be obtained from the district's SA1NET and is a budgetary amount.

Line (2) represents the actual audited DEPA carryover as of June 30, 2007 at that location. Carryover balances may have been anticipated in the 2007-08 original budget. Districts were instructed to utilize a Carryover Funds form to request use of June 30, 2007 balances or to adjust prior estimates. Copies of the approved request should be on file at the district.

Line (3) represents the total 2007-08 DEPA funds available for the 2007-08 budget (the sum of Lines 1&2).

Line (4) represents the amount the district included in its DEPA budget for the fiscal year 2007-08 including approved carryover amounts and contribution to charter schools.

Line (5) represents the difference between Line (3) and Line (4). If a district did not revise its budgeted original allocation (if different) or revise its budgeted June 30, 2007 carryover, then this amount is considered Available and Unbudgeted as of June 30, 2008. Line (5) is then considered a component of the Actual Budgetary Carryover – DEPA as of June 30, 2008.

Line (6) represents 2007-08 budgeted DEPA (Line 4) less the “total actual” for the school (unexpended DEPA).

Line (7) is the total of Lines (5) and (6) and represents the 2007-08 budgetary carryover available for transfer to the general fund as unrestricted general fund revenue.

Line (8) from the district-wide calculation can be found in the 2008-09 Supporting Documentation 8a for line 360 of the 2008-09 certified budget. If the audited actual carryover available for transfer to the general fund (Line 7) exceeds the anticipated amount budgeted for 08-09 on line 8, the excess will fall to surplus at June 30, 2009 and may be subject to the excess surplus calculation. In the event that the anticipated carryover is more than the actual audited carryover, the district must revise their 2008-09 general fund budget.

A district-wide summary schedule is to be prepared once a schedule is completed for each location. The “actual” column is the sum of the “total actual” columns from the location schedules. The “budgeted” column can be obtained from the district's 2008-09 certified Detailed Appropriations lines 13410 – 13690 adjusted for any revised allocations, approved carryovers and/or transfers. The total “budgeted” expenditures reported on the district-wide summary must equal the sum of the total budgeted DEPA expenditures (Line 4) from the location statements.

The bottom of the district-wide summary is a roll up of the carryover calculations from the location statements. The amount reported as Total 2007-08 DEPA Allocation must agree to the total DEPA entitlement reported on the 2007-08 State Aid printouts (SA1a) .

The Actual DEPA Carryover (line 8) is for budget purposes and will differ from the June 30, 2008 DEPA deferred revenue for GAAP purposes reported on Schedule B, *Schedule of State Financial Assistance* by amount of the 2007-08 last state aid payment. The Schedule of State Financial Assistance will not include the amount of the last state aid payment but instead will include this amount in the MEMO column under "Budgetary Receivable". The last state aid payment adjustment is required because the revenue recognition of the last state aid payment in 2007-08 is not in conformity with GAAP based on GASB 33; however, districts are legally required to recognize the revenue of the last state aid payment for fiscal year 2007-08 in their budgetary schedules. The Schedule of State Financial Assistance does not include the last payment for 2006-07 (received in July 2007) in the beginning balance deferred revenue, but does include it in the cash received column.

Please note that on the following sample statements every possible account is listed. This is an optional format; districts may list only those accounts that are applicable. In addition, the line (#) references on the sample statements should not appear on the actual statement in the CAFR. The four individual schools presented include different scenarios to assist in the preparation of these statements.

**Anytown School District  
Special Revenue Fund  
Schedule of Demonstrably Effective Program Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**District -Wide Totals**

	<b>Budgeted</b>	<b>Actual Expenditures</b>	<b>Variance</b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 1,121,500	\$1,118,479	\$ 3,021
Other Salaries of Instruction	15,000	14,040	960
Purchased Professional and Technical	1,800	1,800	-
Other Purchased Services (400-500 series)	60,500	60,007	493
General Supplies	137,750	136,838	912
Textbooks	74,750	74,300	450
Other Objects	115,000	114,917	83
<b>Total Instruction</b>	<b>1,526,300</b>	<b>1,520,381</b>	<b>5,919</b>
<b>Support Services:</b>			
Salaries of Other	45,000	44,445	555
Other Salaries	3,500	3,500	-
Personal Services – Employee Benefits	151,500	150,860	640
Purchased Professional – Educational	13,225	13,072	153
Other Purchased Professional Services	-	-	-
Purchased Technical	3,200	3,190	10
Rentals	1,250	1,000	250
Travel	1,500	1,375	125
Supplies & Materials	35,000	14,486	20,514
<b>Total support services</b>	<b>254,175</b>	<b>231,928</b>	<b>22,247</b>
<b>Facilities acquisition and const. services:</b>			
Instructional Equipment	233,750	232,403	1,347
Noninstructional Equipment	600	550	50
<b>Total facilities acquisition and const.</b>	<b>234,350</b>	<b>232,953</b>	<b>1,397</b>
<b>Contribution to charter</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$2,084,825</b>	<b>\$2,055,262</b>	<b>\$ 29,563</b>

**CALCULATION OF BUDGET AND CARRYOVER**

Total 2007-08 DEPA Allocation	\$ 2,080,000		(1)
Actual DEPA Carryover (June 30, 2007)	121,976		(2)
Total DEPA Funds Available for 2007-08 Budget	2,201,976		(3)
Less: 2007-08 Budgeted DEPA (Including Prior year budget carryover)	(2,084,825)		(4)
Available & Unbudgeted DEPA Funds as of June 30, 2008	117,151		(5)
Add: 2007-08 Unexpended DEPA	29,563		(6)
2007-08 Carryover Available for Transfer to the G/F	<b>\$ 146,714</b>		(7)
2007-08 Carryover Budgeted in 2008-09	<b>\$ 145,000</b>		(8)

**Anytown School District  
Special Revenue Fund  
Schedule of Demonstrably Effective Program Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**School A**

	<u>Budgeted</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of	\$ 700,000	\$ 700,000	\$ -
Other Salaries of	-	-	-
Purchased Professional and Technical Services	1,800	1,800	-
Other Purchased Services (400-500 series)	14,000	13,694	306
General Supplies	18,000	17,934	66
Textbooks	16,000	15,800	200
Other Objects	-	-	-
<b>Total Instruction</b>	<u>749,800</u>	<u>749,228</u>	<u>572</u>
<b>Support Services:</b>			
Salaries of Other	-	-	-
Other Salaries	-	-	-
Personal Services – Employee Benefits	-	-	-
Purchased Professional – Educational Services	-	-	-
Other Purchased Professional Services	-	-	-
Purchased	3,200	3,190	10
Rentals	1,250	1,000	250
Travel	1,500	1,375	125
Supplies &	12,500	12,276	224
<b>Total support</b>	<u>18,450</u>	<u>17,841</u>	<u>609</u>
<b>Facilities acquisition and const. services:</b>			
Instructional	14,000	14,000	-
Noninstructional	-	-	-
<b>Total facilities acquisition and const. services</b>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
<b>Contribution to charter schools</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 782,250</u>	<u>\$ 781,069</u>	<u>\$ 1,181</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total 2007-08 DEPA Allocation	\$ 780,000	(1)
Actual DEPA Carryover (June 30, 2007)	<u>77,706</u>	(2)
Total DEPA Funds Available for 2007-08 Budget	857,706	(3)
Less: 2007-08 Budgeted DEPA (Including Prior Year Budget Carryover	<u>(782,250)</u>	(4)
Avail. & Unbudgeted DEPA Funds as of June 30, 2008	75,456	(5)
Add: 2007-08 Unexpended DEPA	<u>1,181</u>	(6)
2007-08 Carryover Available for Transfer to the G/F	<u>\$ 76,637</u>	(7)

**Anytown School District  
Special Revenue Fund  
Schedule of Demonstrably Effective Program Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**School B**

	<u>Budgeted</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 421,500	\$ 418,479	\$3,021
Other Salaries of	15,000	14,040	960
Purchased Professional and Technical	-	-	-
Other Purchased Services (400-500 series)	46,500	46,313	187
General Supplies	119,750	118,904	846
Textbooks	58,750	58,500	250
Other Objects	115,000	114,917	83
<b>Total Instruction</b>	<u>776,500</u>	<u>771,153</u>	<u>5,347</u>
<b>Support Services:</b>			
Salaries of Other	45,000	44,445	555
Other Salaries	3,500	3,500	-
Personal Services – Employee Benefits	151,500	150,860	640
Purchased Professional – Educational	13,225	13,072	153
Other Purchased Professional Services	-	-	-
Purchased Technical	-	-	-
Rentals	-	-	-
Travel	-	-	-
Supplies & Materials	22,500	2,210	20,290
<b>Total support</b>	<u>235,725</u>	<u>214,087</u>	<u>21,638</u>
<b>Facilities acquisition and const. services:</b>			
Instructional	219,750	218,403	1,347
Noninstructional	600	550	50
<b>Total facilities acquisition and const.</b>	<u>220,350</u>	<u>218,953</u>	<u>1,397</u>
<b>Contribution to charter schools</b>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 1,302,575</u>	<u>\$ 1,274,193</u>	<u>\$ 28,382</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total 2007-08 DEPA Allocation	\$ 1,300,000	(1)
Actual DEPA Carryover (June 30, 2007)	44,270	(2)
Total DEPA Funds Available for 2007-08 Budget	1,344,270	(3)
Less: 2007-08 Budgeted DEPA (Including Prior Year Budget Carryover	(1,302,575)	(4)
Avail. & Unbudgeted DEPA Funds as of June 30, 2008	41,695	(5)
Add: 2007-08 Unexpended DEPA	28,382	(6)
2007-08 Carryover Available for Transfer to the G/F	<u>\$ 70,077</u>	(7)

## II. Early Childhood Program Aid

Pursuant to *N.J.S.A.* 18A:7F-16, districts with high concentrations of low income students shall establish preschool and full day kindergarten for all four and five year-olds by the 2001-02 school year and shall maintain them thereafter. County vocational schools and limited purpose regional school districts eligible for ECPA receive their aid as DEPA rather than ECPA. Districts which have fully implemented preschool and full-day kindergarten are required to continue the full operation of such programs for as long as they receive ECPA. Beginning in the year 2001-02 school year, districts can only use ECPA (new or deferred revenue) for preschool, full-day kindergarten and other early childhood programs and services. Pursuant to *N.J.A.C.* 6A:23-5.4, districts receiving ECPA funding must maintain separate accounting records for each of the three applicable budgeted ECPA programs, which includes pre-kindergarten, kindergarten and grades 1-3. The sample schedule for ECPA has been modified to reflect this accounting.

For June 30, 2008 ECPA revenue that was not expended or encumbered by June 30th of the budget year shall be classified as deferred revenue in the financial accounts and statements of the district and added to the revenue of the subsequent year preschool education budget. As part of the June 30th CAFR districts are required to prepare a budgetary basis statement for ECPA expenditures using the minimum outline required for the special revenue fund, including a calculation of the unbudgeted ECPA funds along with June 30, 2008 unexpended/unencumbered funds. It should be noted that although the district was required to submit a detailed budget by program, there is no requirement to track ECPA expenditures by program. Accordingly, the ECPA statement of expenditures included in the CAFR is prepared at the summary level, not by program. This statement is the responsibility of the district.

Auditors should verify that the funds were expended only for approved ECPA programs pursuant to *N.J.S.A.* 18A:7F-16 and are in compliance with the department approved ECPA Program Description and operational plan. Auditors should verify that the required Carryover Funds form was filed and that the proper revisions were made for June 30, 2007 carryover. Auditors should verify that the 2007-08 ECPA plan was amended to reflect audited carryover balances, test that the district has completed the transfer notification form for transfers and where appropriate obtained prior written approval. See the *State Aid/Grant Compliance Supplement* for the applicable year available on the NJ Treasury (OMB) web site for further audit procedures.

### ***PREPARING THE EARLY CHILDHOOD PROGRAM RESTRICTED AID (ECPA) SCHEDULE***

*The Schedule of Early Childhood Program Aid* is prepared from the district records and is the responsibility of the district. This schedule is to be included in the Special Revenue Fund section of Other Supplementary Information. All districts eligible for ECPA were required to track ECPA expenditures in the special revenue fund using the uniform grant project budget statement coding structure. As required for years ending prior to June 30, 2008, districts are required to report a district-wide schedule and separate program schedules for preschool, kindergarten, and grades 1-3. Indicate "N/A" in the CAFR index for programs that were not applicable to the district. The following sample schedules are presented in the required format for reporting ECPA expenditures for 2007-08.

The format of the schedule was designed to provide an audit trail of the actual versus budgeted expenditures as well as calculate deferred revenue and carryover. This statement is to be prepared on the budgetary basis where "actual" equals the 2007-08 expenditures less the reversal of the prior year end encumbrances plus encumbrances at June 30, 2008. These encumbrances must be liquidated within 60 to 90 days. The "budgeted" amounts can be obtained from the district's 2007-08 certified Detailed Appropriations lines 13010 – 13300 adjusted for any approved carryovers and/or transfers. At the bottom of the statement is a calculation of the 2007-08 Available & Unbudgeted funds and the Actual Budgetary Carryover as of June 30, 2008.

Line (1) represents the total 2007-08 ECPA allocation. This amount can be obtained from the district's SA1NET and is a budgetary amount.

Line (2) represents the actual audited ECPA carryover as of June 30, 2007. Carryover balances may have been anticipated in the 2007-08 original budget. Districts were instructed to utilize a Carryover Funds form to request use of June 30, 2007 balances or to adjust prior estimates. Copies of the approved request should be on file at the district.

Line (3) represents the budgeted transfer from the general fund to fund ECPA programs. This amount can be obtained from Line 511 (Account 20-5200) in the 2007-08 certified advertised revenues.

Line (4) represents the total 2007-08 ECPA funds available for the 2007-08 budget (sum of lines 1-3).

Line (5) represents the amount the district included in its ECPA budget for the fiscal year 2007-08, including contribution to charter schools.

Line (6) represents the difference between Line (4) and Line (5). If a district did not revise its budgeted original allocation (if different) or revise its budgeted June 30, 2007 carryover, then this amount is considered Available and Unbudgeted as of June 30, 2008. Line (6) is then considered a component of the Actual Carryover – ECPA as of June 30, 2008.

Line (7) represents 2007-08 budgeted ECPA (Line 5) less the “total actual” for the program. This amount represents the 2006-07 unexpended/unencumbered ECPA.

Line (8) is the total Actual Budgetary Carryover – ECPA as of June 30, 2008 and is the sum of Lines (6) and (7).

Line (9) can be found in the 2008-09 Supporting Documentation 15 as ECPA carryforward used to fund 2008-09 preschool education programs from the 2008-09 certified budget. If the (budgetary) actual carryover transferred to Preschool Programs (Line 8) differs from the budgeted carryover on line 9, the district should consider a revision to their 2008-09 preschool education program budget.

The Budgetary ECPA Carryover (line 8) is for budgetary purposes and will differ from the June 30, 2008 ECPA deferred revenue reported on Schedule B, *Schedule of State Financial Assistance* by the amount of the 2007-08 last state aid payment. The Schedule of State Financial Assistance (GAAP) will not include the amount of the last state aid payment but instead will include this amount in the MEMO column under “Budgetary Receivable”. The last state aid adjustment is required because the revenue recognition of the last state aid payment in 2007-08 is not in conformity with GAAP revenue recognition based on GASB 33; however, districts are legally required to recognize the revenue of the last state aid payment for fiscal year 2007-08 in their budgetary schedules. The Schedule of State Financial Assistance does not include the last payment for 2006-07 (received in July 2007) in the beginning balance deferred revenue, but does include it in the cash received column.

Please note that on the following example statement every possible account is listed. This is an optional format. Districts may list only those accounts that are applicable. In addition, the line (#) references on the example statements should not appear on the actual statements in the CAFR.

Anytown School District  
Special Revenue Fund  
Schedule of Early Childhood Program Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008

<u>District-wide Total</u>			
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 808,955	\$ 743,268	\$65,687
Other Salaries of Instruction	253,474	252,365	1,109
Other Purchased Services (400-500 series)	325,000	315,000	10,000
General Supplies	<u>110,500</u>	<u>82,500</u>	<u>28,000</u>
<b>Total Instruction</b>	<u>1,497,929</u>	<u>1,393,133</u>	<u>104,796</u>
<b>Support Services:</b>			
Personal Services – Employee Benefits	142,071	136,589	5,482
Purchased Professional – Educational Services	<u>25,000</u>	<u>5,689</u>	<u>19,311</u>
<b>Total support services</b>	<u>167,071</u>	<u>142,278</u>	<u>24,793</u>
<b>Facilities acquisition and const. services:</b>			
Instructional Equipment	15,000	10,000	5,000
Noninstructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total facilities acquisition and const. services</b>	<u>15,000</u>	<u>10,000</u>	<u>5,000</u>
<b>Contribution to charter schools</b>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$1,700,000</u>	<u>\$1,565,411</u>	<u>\$134,589</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total revised 2007-08 ECPA Allocation	\$ 1,642,835	(1)
Add: Actual ECPA Carryover (June 30, 2007)	212,404	(2)
Add: Budgeted Transfer from the General Fund 2007-08	<u>42,835</u>	(3)
Total ECPA Funds Available for 2007-08 Budget	1,898,074	(4)
Less: 2007-08 Budgeted ECPA (Including Prior year budget carryover)	<u>(1,700,000)</u>	(5)
Available & Unbudgeted ECPA Funds as of June 30, 2008	198,074	(6)
Add: June 30, 2008 Unexpended ECPA	<u>134,589</u>	(7)
2007-08 Carryover – ECPA/Preschool Programs	<u>\$ 332,663</u>	(8)
2007-08 ECPA Carryover Budgeted for Preschool Programs 2008-09	<u>\$ 130,000</u>	(9)

Anytown School District  
Special Revenue Fund  
Early Childhood Program Aid Schedule of Expenditures  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008

Program: Preschool	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 485,373	\$ 445,960	\$ 39,413
Other Salaries of Instruction	152,084	151,419	665
Other Purchased Services (400-500 series)	195,000	189,000	6,000
General Supplies	66,300	49,500	16,800
<b>Total Instruction</b>	<u>898,757</u>	<u>835,879</u>	<u>62,878</u>
<b>Support Services:</b>			
Personal Services – Employee Benefits	85,243	81,953	3,290
Purchased Professional – Educational Services	15,000	3,413	11,587
<b>Total support services</b>	<u>100,243</u>	<u>85,366</u>	<u>14,877</u>
<b>Facilities acquisition and const. services:</b>			
Instructional Equipment	9,000	6,000	3,000
Noninstructional Equipment			
<b>Total facilities acquisition and const. services</b>	<u>9,000</u>	<u>6,000</u>	<u>3,000</u>
<b>Contribution to charter schools</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 1,008,000</u>	<u>\$ 927,245</u>	<u>\$ 80,755</u>

Anytown School District  
Special Revenue Fund  
Early Childhood Program Aid Schedule of Expenditures  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008

Program: Kindergarten	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 161,791	\$ 148,654	\$ 13,137
Other Salaries of Instruction	50,695	50,473	222
Other Purchased Services (400-500 series)	65,000	63,000	2,000
General Supplies	22,100	16,500	5,600
<b>Total Instruction</b>	<u>299,586</u>	<u>278,627</u>	<u>20,959</u>
<b>Support Services:</b>			
Personal Services – Employee Benefits	28,414	27,318	1,096
Purchased Professional – Educational Services	5,000	1,138	3,862
<b>Total support services</b>	<u>33,414</u>	<u>28,456</u>	<u>4,958</u>
<b>Facilities acquisition and const. services:</b>			
Instructional Equipment	3,000	2,000	1,000
Noninstructional Equipment	-	-	-
<b>Total facilities acquisition and const. services</b>	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>
<b>Contribution to charter schools</b>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 346,000</u>	<u>\$ 319,083</u>	<u>\$ 26,917</u>

Anytown School District  
Special Revenue Fund  
Early Childhood Program Aid Schedule of Expenditures  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008

Program: Grades 1-3	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 161,791	\$ 148,654	\$ 13,137
Other Salaries of Instruction	50,695	50,473	222
Other Purchased Services (400-500 series)	65,000	63,000	2,000
General Supplies	22,100	16,500	5,600
<b>Total Instruction</b>	<u>299,586</u>	<u>278,627</u>	<u>20,959</u>
<b>Support Services:</b>			
Personal Services – Employee Benefits	28,414	27,318	1,096
Purchased Professional – Educational Services	5,000	1,138	3,862
<b>Total support services</b>	<u>33,414</u>	<u>28,456</u>	<u>4,958</u>
<b>Facilities acquisition and const. services:</b>			
Instructional Equipment	3,000	2,000	1,000
Noninstructional Equipment	-	-	-
<b>Total facilities acquisition and const. services</b>	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>
<b>Contribution to charter schools</b>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 346,000</u>	<u>\$ 319,083</u>	<u>\$ 26,917</u>

### III. Distance Learning Network Aid (DLNA) and Instructional Supplement Aid (ISA)

Beginning in 2003-04, DLNA funding combined into a general fund Consolidated Aid category. The only available resource in 2007-08 for DLNA restricted funding is from a prior period carryover which must still be reported in the special revenue fund. DLNA carryover must be accounted for under the support and facilities acquisition and construction services functions. Intended uses of these funds were provided in supporting documentation Item 17 of the 2007-08 budget. All 2007-08 expenditures from DLNA carryover must support distance learning activities and services, to assist all pupils in achieving New Jersey's Core Curriculum Content Standards. Allowable expenditures are included in the 2003-04 *State Aid/Grant Compliance Supplement* which can be found on the website <http://www.nj.gov/njded/finance/fp/audit/0304/>.

ISA must be accounted for under the instruction and support functions. Intended uses of these funds were provided in supporting documentation Item 18. All expenditures must provide supplemental services for students from low-income families, the same purpose as DEPA. Expanded coding of expenditures is not required by program.

Districts were advised to budget anticipated DLNA and ISA carryover as unrestricted general fund revenue for 2008-09 (2008-09 *Budget Guidelines* P. 26). Accordingly, DLNA and ISA budgetary revenue that is not expended or encumbered at June 30, 2008 must be reported as carryover available for transfer to the general fund on the face of the Distance Learning Network Aid Schedule of Expenditures (E-4) and the Instructional Supplement Aid Schedule of Expenditures (E-5) respectively. Report the audited actual carryover as interfund receivable and deferred revenue in the general fund balance sheet (B-1) and as interfund payable (offset is to revenue) in the special revenue fund balance sheet (B-1) at June 30, 2008. Where the amount anticipated as revenue in the 08-09 budget is less than the actual audited 2007-08 carryover, the difference may fall to general fund surplus. Districts may request Commissioner approval to appropriate the carryover prior to year end per N.J.A.C. 6A:23-2.11. In the event that the anticipated carryover is more than the actual audited carryover, the district must revise their 2008-09 general fund budget.

As in prior years, open year end DLNA or ISA encumbrances will be reported in the special revenue fund as budgetary expenditures (C-1) for year end June 30, 2008 and as special revenue fund GAAP expenditures (B-2) for year end June 30, 2009. Appropriate reconciling entries should be included on the Budgetary Comparison Schedule (C-3) for each year. The deferred state aid payment received July 2008 will be reported in the special revenue fund as budgetary revenue (C-2) for the year ended June 30, 2008 and as GAAP revenue in the special revenue fund for the year ended June 30, 2009 (B-2). Appropriate reconciling entries should be included on the Budgetary Comparison Schedule (C-3) for each year. As in prior years, for June 30, 2008 districts will not report fund balance in the special revenue fund with the exception of a deficit due to the deferred state aid payment.

The bottom portion of the district's 2007-08 DLNA budgetary schedule (E-4) and ISA budgetary schedule (E-5) includes a summary of the calculation of the available budgetary carryover to general fund unrestricted revenue for 2008-09. The total carryover per the E-4 and E-5 must agree to the total of the GAAP interfund accounts payable reported in the Deferred Revenue/Interfund Payable column of Schedule B, *Schedule of Expenditures of State Financial Assistance*, under DLNA and ISA respectively. These statements are the responsibility of the district.

As part of the June 30th CAFR districts are required to prepare budgetary statements using the minimum outline required for the special revenue fund which must include the 2007-08 budgeted carryover for DLNA and ISA. This statement is the responsibility of the district. *The State Aid/Grant Compliance Supplement* should be referenced for compliance requirements and suggested audit procedures.

***PREPARING THE DISTANCE LEARNING NETWORK AID (DLNA) RESTRICTED AID SCHEDULE***

*The Schedule of Distance Learning Network Aid* is prepared from the district records and is the responsibility of the district. This schedule is to be included in the Special Revenue Fund section of Other Supplementary Information. All districts that had Distance Learning Network Aid carryover funds from a prior year were required to track these expenditures in the special revenue fund using the uniform grant project budget statement coding structure.

The format of the schedule was designed to provide an audit trail of the actual versus budgeted expenditures as well as calculate deferred revenue. This schedule is to be prepared on the budgetary basis where “actual” equals the 2007-08 expenditures less the reversal of the prior year’ encumbrances. . The “budgeted” amounts are to be taken from the district’s 2007-08 certified budget on lines 13710 – 13900 of the Detailed Appropriations adjusted for any approved carryovers and/or transfers.

At the bottom of the schedule is a calculation of the 2007-08 Available & Unbudgeted funds and the Actual Budgetary Carryover as of June 30, 2008.

Line (1) represents the actual audited DLNA carryover as of June 30, 2007.

Line (2) represents the amount the district included in its DLNA budget for the fiscal year 2007-08.

Line (3) represents the difference between Line (1) and Line (2). If a district did not revise its budgeted June 30, 2007 carryover, then this amount is considered Available and Unbudgeted as of June 30, 2008. Line (3) is then considered a component of the Actual Budgetary Carryover – DLNA as of June 30, 2008

Line (4) represents 2007-08 budgeted DLNA (Line 4) less the “total actual” for the program. This amount represents the unexpended/unencumbered DLNA.

Line (5) is the total Actual Budgetary Carryover – DLNA as of June 30, 2008 and is the sum of Lines (3) and (4).

Line (6) can be found in the district’s 2008-09 Supporting Documentation 8a for line 360 of the 2008-09 certified budget.

The Actual Budgetary DLNA Carryover (line 5), if any, is the amount of unused DLNA carryover from the previous year, since there were no DLNA allocations for 2007-08. Any carryover should agree to the June 30, 2008 amount reported in the *Deferred Revenue/Interfund Payable* column of Schedule B, *Schedule of State Financial Assistance*.

Please note that on the following example statement every possible account is listed. This is an optional format. Districts may list only those accounts that are applicable.

**Anytown School District**  
**Special Revenue Fund**  
**Statement of Distance Learning Network Aid**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Total</b>		
	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES:</b>			
<b>Support Services:</b>			
Salaries of Other Professional Staff	\$ 17,300	\$ 17,300	\$ -
Other Purchased Services (400-500 series)	-	-	-
Supplies & Materials	19,305	19,305	-
<b>Total support services</b>	<b>36,605</b>	<b>36,605</b>	<b>-</b>
<b>Facilities acquisition and const. services:</b>			
Instructional Equipment	-	-	-
Noninstructional Equipment	-	-	-
<b>Total facilities acquisition and const. services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contribution to charter schools</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$36,605</b>	<b>\$36,605</b>	<b>\$ -</b>

**CALCULATION OF BUDGET & CARRYOVER**

Actual DLNA Carryover (June 30, 2007)	\$ 36,605	(1)
Less: 2007-08 Budgeted Prior Year Carryover of DLNA	(36,605)	(2)
Available & Unbudgeted DLNA Funds as of June 30, 2008	-	(3)
Add: 2007-08 Unexpended DLNA	-	(4)
2007-08 Carryover Available for Transfer to G/F	-	(5)
2007-08 Carryover Budgeted in 2008-09	\$ -	(6)

***PREPARING THE INSTRUCTIONAL SUPPLEMENT AID (ISA) RESTRICTED AID  
SCHEDULE***

The *Schedule of Instructional Supplement Aid* (ISA) is prepared from the district records and is the responsibility of the district. This schedule is to be included in the Special Revenue Fund section of Other Supplementary Information. All districts eligible for ISA were required to track these expenditures in the special revenue fund using the uniform grant project budget statement coding structure.

The format of the schedule was designed to provide an audit trail of the actual versus budgeted expenditures as well as calculate deferred revenue. This schedule is to be prepared on the budgetary basis where “actual” equals the 2007-08 expenditures plus June 30, 2008 encumbrances. The “budgeted” amounts are to be taken from the district’s 2007-08 certified budget on lines 14010 – 14250 of the Detailed Appropriations adjusted for any approved carryovers and/or transfers.

At the bottom of the schedule is a calculation of the 2007-08 Available & Unbudgeted funds and the Actual Carryover as of June 30, 2008.

Line (1) represents the 2007-08 ISA allocation. This amount can be obtained from the district’s SA1NET and is a budgetary amount.

Line (2) represents the actual audited ISA carryover as of June 30, 2007.

Line (3) represents the total 2007-08 ISA funds available for the 2007-08 budget (the sum of Lines 1 & 2).

Line (4) represents the amount the district included in its ISA budget for the fiscal year 2007-08, including the contribution to charter schools.

Line (5) represents the difference between Line (3) and Line (4). If a district did not revise its budgeted original allocation (if different) or revise its budgeted June 30, 2007 carryover, then this amount is considered Available and Unbudgeted as of June 30, 2008. Line (5) is then considered a component of the Actual Budgetary Carryover – ISA as of June 30, 2008.

Line (6) represents 2007-08 budgeted ISA (Line 4) less the “total actual” for the program. This amount represents the unexpended ISA.

Line (7) is the total Actual Carryover – ISA as of June 30, 2008 and is the sum of Lines (5) and (6).

Line (8) can be found in the district’s 2008-09 Supporting Documentation 8a for line 360 of the 2008-09 certified budget.

The Actual ISA Carryover (line 7) is for budget purposes and will differ from the June 30, 2008 ISA deferred revenue/Interfund Payable reported on Schedule B, *Schedule of State Financial Assistance* by the amount of the 2007-08 last state aid payment. The Schedule of State Financial Assistance will not include the amount of the last state aid payment but instead will include this amount in the MEMO column under “Budgetary Receivable”. The last state aid adjustment is required because the revenue recognition of the last state aid payment in 2007-08 is not in conformity with GAAP revenue recognition based on GASB 33; however, districts are legally required to recognize the revenue of the last state aid payment for fiscal year 2007-08 in their budgetary schedules. The Schedule of State Financial Assistance does not include the last payment for 2006-07 (received in July 2007) in the beginning balance deferred revenue, but does include it in the cash received column. Please note that on the following example statement every possible account is listed. This is an optional format. Districts may list only those accounts that are applicable.

**Anytown School District  
Special Revenue Fund  
Schedule of Instructional Supplemental Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

	<b>Total</b>		
	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Other Purchased Services (400-500 series)	\$ 356,000	\$ 315,698	\$ 40,302
General Supplies	126,000	75,245	50,755
<b>Total instruction</b>	<b>482,000</b>	<b>390,943</b>	<b>91,057</b>
<b>Support services:</b>			
Other Purchased Professional Services	52,000	42,895	9,105
<b>Total support services</b>	<b>52,000</b>	<b>42,895</b>	<b>9,105</b>
<b>Contribution to charter schools</b>	<b>23,000</b>	<b>23,000</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$557,000</b>	<b>\$456,838</b>	<b>\$100,162</b>

**CALCULATION OF BUDGET & CARRYOVER**

Total 2007-08 ISA Allocation	\$ 550,000	(1)
Actual ISA Carryover (June 30, 2007)	211,324	(2)
Total DLNA Funds Available for 2007-08 Budget	761,324	(3)
Less: 2007-08 Budgeted ISA (Including Prior year budget carryover)	(557,000)	(4)
Available & Unbudgeted ISA Funds as of June 30, 2008	204,324	(5)
Add: 2007-08 Unexpended ISA	100,162	(6)
2007-08 Carryover Available for Transfer to the G/F	<u>\$ 304,486</u>	(7)
2007-08 Carryover Budgeted in 2008-09	<u>\$ 250,000</u>	(8)

***PREPARING THE TARGETED AT- RISK AID (TARA) RESTRICTED AID SCHEDULE***

The *Schedule of Targeted At-Risk Aid (TARA)* is prepared from the district records and is the responsibility of the district. This schedule is to be included in the Special Revenue Fund section of Other Supplementary Information. All districts that received TARA are required to track expenditures and prepare program based reports in the special revenue fund using the uniform grant project budget statement coding structure. Permissible programs include Pre-K, Full-Day-K, and K-8 Math and/or Language Arts. Districts that were approved to use TARA for 2007-08 tax relief were provided budget guidance to include the tax relief amount in the general fund as “Other State Aids.” However, the district’s detailed accounting and reporting should show the full amount in the special revenue fund with a transfer to the general fund of the amount to support tax relief.

The format of the schedule was designed to provide an audit trail of the actual versus budgeted expenditures as well as calculate deferred revenue. This schedule is to be prepared on the budgetary basis where “actual” equals the 2007-08 expenditures plus June 30, 2008 encumbrances. For year end June 30, 2008 guidance was issued (2008-09 *Budget Guidelines* P. 26) to budget the anticipated carryover of TARA for 2008-09 as unrestricted general fund revenue. Where the amount anticipated in the 2008-09 budget (line 7) is less than the actual audited carryover (line 6), the difference will fall to general fund surplus and may be subject to the excess surplus calculation at June 30, 2009. In the event that the amount anticipated (line 7) is more than the actual audited carryover (line 6), the district must revise their general fund budget. Refer to page II-20.1 of this *Audit Program* for additional guidance. For districts with an approved multi-year TARA plan, June 30, 2008 carryover may be maintained and reported in the special revenue fund for use in accordance with the approved plan.

At the bottom of the schedule is the calculation of the 2007-08 Available & Unbudgeted funds and the Actual Carryover as of June 30, 2008.

Line (1) represents the 2007-08 TARA allocation. This amount can be obtained from the district’s SA1NET and is a budgetary amount.

Line (2) represents the TARA amount transferred to the general fund for tax relief.

Line (3) represents TARA available for program costs for the 2007-08 budget year

Line (4) represents the TARA amount expended/obligated for programs

Line (5) represents the 2007-08 Actual TARA carryover (line 3 less line 4)

Line (6) can be found in the district’s 2008-09 Supporting Documentation 8a for line 360 of the 2008-09 certified budget.

The Actual TARA Carryover (line 5) is for budget purposes and will differ from the June 30, 2008 TARA Deferred Revenue/Interfund Payable reported on Schedule B, *Schedule of State Financial Assistance* by the amount of the 2007-08 last state aid payment. The Schedule of State Financial Assistance will not include the amount of the last state aid payment but instead will include this amount in the MEMO column under “Budgetary Receivable”. The last state aid adjustment is required because the revenue recognition of the last state aid payment in 2007-08 is not in conformity with GAAP revenue recognition based on GASB 33; however, districts are legally required to recognize the revenue of the last state aid payment for fiscal year 2007-08 in their budgetary schedules. Please note that on the following example statement every possible account is listed. This is an optional format. Districts may list only those accounts that are applicable.

**Anytown School District  
Special Revenue Fund  
Schedule of Targeted At-Risk (TARA) Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**District -Wide Totals**

	Budgeted	Actual Expenditures	Variance
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 1,200,500	\$ 1,115,000	\$ 85,500
Other Salaries of Instruction	22,000	19,500	2,500
Purchased Professional and Technical Services	15,000	14,200	800
Other Purchased Services (400-500 series)	18,000	17,680	320
General Supplies	12,000	11,100	900
Textbooks	6,000	5,500	500
Other Objects	2,500	1,970	530
<b>Total Instruction</b>	<u>1,276,000</u>	<u>1,184,950</u>	<u>91,050</u>
<b>Support Services:</b>			
Salaries of Support Staff	38,500	37,000	1,500
Personal Services – Employee Benefits	11,800	11,500	300
Purchased Professional – Educational Services	22,500	17,500	5,000
Other Purchased Professional Services	17,200	17,000	200
Purchased Technical Services	7,000	6,800	200
Rentals	2,500	2,200	300
Contracted Trans. Serv. (Bet. Home & School)	1,300	800	500
Contracted Trans. Services (Field Trips)	800	600	200
Travel	2,200	900	1,300
Other Purchased Services (400-500 Series)	15,000	12,700	2,300
Supplies & Materials	7,000	5,000	2,000
Other Objects	1,200	1,000	200
<b>Total Support Services</b>	<u>127,000</u>	<u>113,000</u>	<u>14,000</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment	10,000	8,000	2,000
Noninstructional Equipment	2,000	1,900	100
<b>Total Facilities Acquisition and Const. Services</b>	<u>12,000</u>	<u>9,900</u>	<u>2,100</u>
<b>Total TARA Expenditures</b>	<u>\$ 1,415,000</u>	<u>\$ 1,307,850</u>	<u>\$ 107,150</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total 2007-08 TARA Allocation	\$ 1,440,000	(1)
Less: TARA Transferred to General Fund- Tax Relief	(25,000)	(2)
TARA Available for 2007-08 Program Budget	1,415,000	(3)
2007-08 TARA Expended/Obligated	1,307,850	(4)
2007-08 Actual Carryover- TARA	\$ 107,150	(5)
2007-08 TARA Carryover Budgeted as Unrestricted General Fund Revenue for 2008-09	\$ 20,000	(6)

Ex. E-6

**Anytown School District  
Special Revenue Fund  
Schedule of Targeted At-Risk (TARA) Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**Program : Pre-K**

	Budgeted	Actual Expenditures	Variance
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 180,075	\$ 167,250	\$ 12,825
Other Salaries of Instruction	3,300	2,925	375
Purchased Professional and Technical Services	2,250	2,130	120
Other Purchased Services (400-500 series)	2,700	2,652	48
General Supplies	1,800	1,665	135
Textbooks	900	825	75
Other Objects	375	296	79
<b>Total Instruction</b>	<u>191,400</u>	<u>177,743</u>	<u>13,657</u>
<b>Support Services:</b>			
Salaries of Support Staff	5,775	5,500	225
Personal Services – Employee Benefits	1,770	1,725	45
Purchased Professional – Educational Services	3,375	2,625	750
Other Purchased Professional Services	2,580	2,550	30
Purchased Technical Services	1,050	1,020	30
Rentals	375	330	45
Contracted Trans. Serv. (Bet. Home & School)	195	120	75
Contracted Trans. Services (Field Trips)	120	90	30
Travel	330	135	195
Other Purchased Services (400-500 Series)	2,250	1,905	345
Supplies & Materials	1,050	750	300
Other Objects	180	150	30
<b>Total Support Services</b>	<u>19,050</u>	<u>16,950</u>	<u>2,100</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment	1,500	1,200	300
Noninstructional Equipment	300	285	15
<b>Total Facilities Acquisition and Const. Services</b>	<u>1,800</u>	<u>1,485</u>	<u>315</u>
<b>Total TARA Expenditures</b>	<u>\$ 212,250</u>	<u>\$ 196,178</u>	<u>\$ 16,072</u>

Ex. E-6

**Anytown School District  
Special Revenue Fund  
Schedule of Targeted At-Risk (TARA) Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**Program : Full-Day-K**

	Budgeted	Actual Expenditures	Variance
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 720,300	\$ 669,000	\$ 51,300
Other Salaries of Instruction	13,200	11,700	1,500
Purchased Professional and Technical Services	9,000	8,520	480
Other Purchased Services (400-500 series)	10,800	10,608	192
General Supplies	7,200	6,660	540
Textbooks	3,600	3,300	300
Other Objects	1,500	1,182	318
<b>Total Instruction</b>	<u>765,600</u>	<u>710,970</u>	<u>54,630</u>
<b>Support Services:</b>			
Salaries of Support Staff	23,100	22,200	900
Personal Services – Employee Benefits	7,080	6,900	180
Purchased Professional – Educational Services	13,500	10,500	3,000
Other Purchased Professional Services	10,320	10,200	120
Purchased Technical Services	4,200	4,080	120
Rentals	1,500	1,320	180
Contracted Trans. Serv. (Bet. Home & School)	780	480	300
Contracted Trans. Services (Field Trips)	480	360	120
Travel	1,320	540	780
Other Purchased Services (400-500 Series)	9,000	7,620	1,380
Supplies & Materials	4,200	3,000	1,200
Other Objects	720	600	120
<b>Total Support Services</b>	<u>76,200</u>	<u>67,800</u>	<u>8,400</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment	6,000	4,800	1,200
Noninstructional Equipment	1,200	1,140	60
<b>Total Facilities Acquisition and Const. Services</b>	<u>7,200</u>	<u>5,940</u>	<u>1,260</u>
<b>Total TARA Expenditures</b>	<u>\$ 849,000</u>	<u>\$ 784,710</u>	<u>\$ 64,290</u>

Ex. E-6

**Anytown School District  
Special Revenue Fund  
Schedule of Targeted At-Risk (TARA) Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2008**

**Program : K-8 Math and/or  
Language Arts**

	Budgeted	Actual Expenditures	Variance
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 300,125	\$ 278,750	\$ 21,375
Other Salaries of Instruction	5,500	4,875	625
Purchased Professional and Technical Services	3,750	3,550	200
Other Purchased Services (400-500 series)	4,500	4,420	80
General Supplies	3,000	2,775	225
Textbooks	1,500	1,375	125
Other Objects	625	492	133
<b>Total Instruction</b>	<u>319,000</u>	<u>296,237</u>	<u>22,763</u>
<b>Support Services:</b>			
Salaries of Support Staff	9,625	9,250	375
Personal Services – Employee Benefits	2,950	2,875	75
Purchased Professional – Educational Services	5,625	4,375	1,250
Other Purchased Professional Services	4,300	4,250	50
Purchased Technical Services	1,750	1,700	50
Rentals	625	550	75
Contracted Trans. Serv. (Bet. Home & School)	325	200	125
Contracted Trans. Services (Field Trips)	200	150	50
Travel	550	225	325
Other Purchased Services (400-500 Series)	3,750	3,175	575
Supplies & Materials	1,750	1,250	500
Other Objects	300	250	50
<b>Total Support Services</b>	<u>31,750</u>	<u>28,250</u>	<u>3,500</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment	2,500	2,000	500
Noninstructional Equipment	500	475	25
<b>Total Facilities Acquisition and Const. Services</b>	<u>3,000</u>	<u>2,475</u>	<u>525</u>
<b>Total TARA Expenditures</b>	<u>\$ 353,750</u>	<u>\$ 326,962</u>	<u>\$ 26,788</u>