

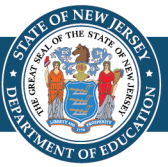


# New Jersey Department of Education



## Delayed June 2023 State Aid Borrowing Process

Office of Fiscal Policy and Planning  
May 2023





# Items Posted on Web

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- Application
- Cash Flow Worksheet
- Summary of Borrowing Process
- Q&A
- Sample Promissory Note
- April 2023 Memo



# Due Dates if Borrowing June 8

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- May 26, 2023: Applications due to ECS
- June 5, 2023: ECS Approval
- June 13, 2023: Promissory Note to Finance
- July 12 or 13, 2023: Payment to District, for repayment to bank



# Due Dates if Borrowing June 22

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- June 12, 2023: Applications due to ECS
- June 19, 2023: ECS Approval
- June 26, 2023: Promissory Note to Finance
- July 12 or 13, 2023: Payment to District, for repayment to bank



# Application - Submission Items



Application for borrowing includes:

- Application Form
- Cash Flow Worksheet
- Supporting Documentation
- Written Bank Proposal (this is a required submission for interest cost to be reimbursed)



# Application - Term of Note

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Term of note:

- The loan effective date must be between June 8 and June 30, 2023.
- A loan effective date between June 22 and June 30, 2023 is recommended if the loan amount is less than the June 22, 2023 state aid payment – for the portion attributable to the June 22, 2023 payment.
- The loan maturity date will be July 12 or July 13, 2023.





# Application - Interest Rate

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## Interest Rate:

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





# Cash Flow Worksheet



- Line 1 - Bank balances April 30, 2023
  - Submit bank reconciliations as support
- Line 13 - Add estimated revenues for months May and June 2023
- Line 19 - Deduct estimated expenditures for months May and June 2023
  - A/P register and vendor listing as support
- Line 20 – Represents the maximum potential needed to borrow.





# Cash Flow Worksheet (continued)



- Lines 21 to 23 represent federal programs in the district. This section is used to assess if the district has federal funds available for draw-down that may improve cash position.
- Line 24 (Line 22 less Line 23) represents the difference between federal program expenditures made and the federal reimbursements received.
  - Explanation of the amount receivable is required.
  - Districts should draw funds on a timely basis and should not change bank accounts mid-process.



# Cash Flow Worksheet includes Preschool



- Cash Flow Worksheet is used to analyze general fund and Preschool cash flow.
- Districts must include Preschool costs in the application.
- See Q&A item 16 for guidance on specific Preschool entry on the cash flow worksheet.



# County Approval Form



- The County Approval Form will be provided to the county offices through Microsoft Teams.
- The maximum allowable approved principal should be the lesser of:
  - Line 20 on the Cash Flow Worksheet (if negative), or
  - The amount of the June state aid payments.



# County Submissions to DOE



Items to be submitted to Fiscal Policy and Planning (in the Microsoft Teams channel “Borrowing on Delayed State Aid”) are:

- Completed County Approval Form
- District Application
- Cash Flow Worksheet
- Bank Letter Confirming Interest Rate
- Signed Promissory Note
- Data collection form, summarizing all county-approved applications

