

district's local levy that is above the school district's maximum T & E budget.

"Net T & E budget," as defined by N.J.S.A. 18A:7F-3, means the sum of the T & E program budget, early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, and categorical program aid received pursuant to N.J.S.A. 18A:7F-19 through 22, 28 and 29.

"New school facility" means any new school facility, or new addition to an existing school facility characterized by an increase in the gross square footage of the school facility, used wholly or in part for educational purposes by a district board of education, but excludes stadiums, grandstands, garages, facilities used for non-instructional and non-educational purposes, and any facility used solely for school administration. It also excludes renovations to existing space that do not increase the gross square footage of the school facility.

"Non-discretionary fixed costs" means fixed costs incurred by a school district in its operation that are outside the control of the district board of education.

"Open-end contracts" means contracts for which price bids were solicited on a unit basis because exact quantities needed were not known at the time bids were sought. Such contracts, when advertised and awarded, must include a maximum number of units that can be ordered for each item under the contract.

"Other capital project" means as defined at N.J.A.C. 6A:26-1.2.

"Performance bond" means a written guarantee, in the form of a certificate, payable to the district board of education, that the bidder will promptly and faithfully perform the contract between the bidder and the district board of education and in default thereof providing for completion of the contract or providing sufficient funds to pay the cost of completion of the contract.

"Permanent fund" means a fund used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting district board of education's programs.

"Prebudget year," as defined by N.J.S.A. 18A:7F-3, means the school fiscal year preceding the year in which the school budget is implemented.

"Proprietary funds" means the funds used to account for district board of education activities where the reporting focus is on the determination of operating income, financial position and cash flow. Proprietary funds include enterprise funds and internal service funds.

"Required maintenance" means as defined in N.J.A.C. 6A:26A-1.3.

"Routine maintenance" means as defined in N.J.A.C. 6A:26A-1.3.

"School facilities project" means as defined in N.J.A.C. 6A:26-1.2 and pursuant to N.J.S.A. 18A:7G-3.

"School report card" means the school report card prepared and disseminated to parents and other interested taxpayers within each local school district pursuant to N.J.S.A. 18A:7E-2.

"Sending/receiving relationship" means an agreement between two district boards of education, one of which does not have the facilities to educate in-district an entire grade(s) or provide an entire program(s), and as an alternative sends such students to a district board of education having such accommodations and pays tuition, pursuant to N.J.S.A. 18A:38-8 et seq.

"Shared service" means any educational or administrative service required to be performed by a district board of education in which the school district, with board approval, is able and willing to share in the costs and benefits of that service with another district board of education, municipality, or other governmental unit, as authorized by the Interlocal Services Act at N.J.S.A. 40:8A-1 et seq. and in compliance with existing school finance laws at N.J.S.A. 18A, but does not include sending/receiving relationships.

"Special revenue fund" means the governmental fund that accounts for the proceeds of specific revenue sources (other than trusts, or revenues for major capital projects) that are legally restricted to expenditures for specified purposes.

"Spending growth limitation," as defined by N.J.S.A. 18A:7F-3, means the annual rate of growth permitted in the net budget of a school district, county vocational school district or county special services school district as measured between the net budget of the prebudget year and the net budget of the budget year as calculated pursuant to N.J.S.A. 18A:7F-5.d (authorization for spending growth limitation adjustments) and 18A:7F-5a (authorization for cap banking).

"State support" means as defined at N.J.A.C. 6A:26-1.2.

"Surplus" means the amount of undesignated, unreserved fund balance as of July 1 of each year.

"T & E amount," as defined by N.J.S.A. 18A:7F-3, means the cost per elementary student of delivering programs and services including extracurricular and cocurricular activities that enable all students to achieve the Core Curriculum Content Standards, which constitute a thorough regular education under the assumptions of reasonableness and efficiency contained in the Report on the Cost of Providing a Thorough and Efficient Education.

"T & E program budget," as defined by N.J.S.A. 18A:7F-3, means the sum of core curriculum standards aid, supplemental core curriculum standards aid, stabilization aid, designated

general fund balance, miscellaneous local general fund revenue and that portion of the school district's local levy that supports the school district's T & E budget.

"T & E range," as defined by N.J.S.A. 18A:7F-3, means the range of regular education spending that is considered thorough and efficient. The range is expressed in terms of T & E budget spending per elementary student, and is delineated by alternatively adding to and subtracting from the T & E amount the T & E flexible amount to establish the minimum T & E budget and maximum T & E budget when applied to each school district's weighted resident enrollment.

"Thoroughness standards," means the Core Curriculum Content Standards as approved by the State Board on May 1, 1996 and as thereafter revised by the State Board.

"Unbudgeted revenue" means any general fund revenue realized during the budget year that was not included in the original school district budget certified for taxes.

"Underbudgeted revenue" means any general fund revenue realized during the budget year that exceeds the amount included in the original school district budget certified for taxes.

"Unused spending authority," means the amount pursuant to N.J.S.A. 18A:7F-5.a of the difference between the net budget of a school district, county vocational school district or county special services school district, and the permitted net budget as authorized pursuant to N.J.S.A. 18A:7F-5d.

"Weighted resident enrollment," as used in N.J.S.A. 18A:7F-12, means the differentials in costs based on the efficiency standards established pursuant to N.J.S.A. 18A:7F-4b of providing education at the kindergarten, elementary (grades one through five), middle school (grades six through eight) and high school levels (grades nine through 12) which are determined by dividing the elementary cost per pupil into each category. The weights are applied to resident enrollment in each category pursuant to N.J.S.A. 18A:7F-13.

Amended by R.2002 d.253, effective August 5, 2002.
See: 34 N.J.R. 1652(a), 34 N.J.R. 2788(a).

Added "Adjusted for inflation", "Base budget", "Capital project", "Comparative Spending Guide", "Core Curriculum Content Standards", "CPI", "Debt service", "Demonstrably effective programs", "Early Childhood Program Aid", "Early childhood programs and services", "Efficiency standards", "Lease purchase payment", "Low-income pupils", "Net budget", "Net T&E budget", "New school facility", "Other capital project", "Prebudget year", "School facilities project", "School report card", "Spending growth limitation", "T&E amount", "T&E program budget", "T&E range", "Thoroughness standards", "Unused spending authority", "Weighted resident enrollment".

Amended by R.2004 d.322, effective August 16, 2004.
See: 36 N.J.R. 1313(a), 36 N.J.R. 3895(a).

Rewrote the section.

Amended by R.2006 d.361, effective October 2, 2006.
See: 38 N.J.R. 2333(a), 38 N.J.R. 4178(b).

Rewrote definitions "Abbott district", "Capital project", "Capital projects fund", "Comparative Spending Guide", "Comprehensive Annual Financial Report", "Core Curriculum Content Standards", "CPI", "Early Childhood Program Aid", "Efficiency standards", "Enterprise fund", "GAAP", "General fund", "Modified accrual", "Net budget", "T & E program budget," and "T & E range,"; in definition

"Lease purchase payment", substituted "at" for "in"; in definition "Other capital project" substituted "at" for "by"; in definition "New school facility", inserted "board of education"; in definition "Unused spending authority," substituted "5.a" for "5a"; and added definitions "Administrative cost", "Advertised per pupil administrative costs", "A4F", "Annual audit program", "Authorized membership of the school board", "Capital maintenance", "Capital reserve account", "Emergent circumstance", "Emergent condition", "Excess costs", "Internal control", "Legal reserve", "Local share", "Long-range facilities plan", "Maintenance Reserve Fund", "Non-discretionary fixed costs", "Required maintenance", "Routine maintenance", "School facilities project", "State support", "Surplus", "Unbudgeted revenue" and "Underbudgeted revenue".

SUBCHAPTER 2. DOUBLE ENTRY BOOKKEEPING AND GAAP ACCOUNTING

6A:23-2.1 Prescribed system of double-entry bookkeeping and GAAP accounting

(a) Each district board of education and charter school board of trustees shall maintain a uniform system of financial bookkeeping and reporting.

(b) Each district board of education and charter school board of trustees shall ensure that the uniform system is fully consistent with the "generally accepted accounting principles" (henceforth referred to as GAAP) as set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Original Pronouncements, 2004, published by the Governmental Accounting Standards Board (GASB; 401 Merritt 7, P.O. Box 5116, Norwalk CT), incorporated herein by reference as amended and supplemented, and is compatible with the financial accounting terminology and classifications established in the Federal accounting manual, Financial Accounting for Local and State School Systems, 2003 Edition by the National Center for Education Statistics (NCES; K Street NW, Washington, DC 20006), incorporated herein by reference, as amended and supplemented as prepared, published and distributed by the Commissioner, as required by N.J.S.A. 18A:4-14.

Amended by R.2004 d.322, effective August 16, 2004.
See: 36 N.J.R. 1313(a), 36 N.J.R. 3895(a).

In (b), updated references to the current issues for the system of double entry bookkeeping.

Amended by R.2006 d.361, effective October 2, 2006.
See: 38 N.J.R. 2333(a), 38 N.J.R. 4178(b).

In (b), substituted "Original Pronouncements, 2004" for "(Statement 34 Edition) 2001" and inserted "Edition".

6A:23-2.2 Principles and directives for accounting and reporting

(a) Each district board of education and charter school board of trustees shall use accounting and reporting directives as prepared, published and distributed by the Commissioner in addition to any books, materials or bulletins, for the guidance of school officials in establishing and maintaining the double-entry bookkeeping and accounting system mandated in this subchapter.