

CHAPTER 20

BUSINESS SERVICES

Authority

N.J.S.A. 18A:1-1, 18A:4-14, 18A:4-14.1, 18A:4-15, 18A:7A-19, 18A:7A-25, 18A:7A-26, 18A:7B-12, 18A:17-45, 18A:18A-4, 18A:18A-5, 18A:18A-7, 18A:18A-27, 18A:18A-37, 18A:18A-40, 18A:18A-42, 18A:19-13, 18A:22-8, 18A:29-3, 18A:29-5, 18A:29-5.1, 18A:29-5.3, 18A:29-5.6, 18A:29-5.12, 18A:33-3, 18A:38-5, 18A:38-19, 18A:38-25, 18A:44-2, 18A:46-6.1, 18A:46-21, 18A:58-33.39, 18A:58-37.1 et seq., 18A:58-68, 18A:58-72, 18A:58-74, 18A:58-75, 18A:58-76, 40A:11-11, 52:14-15.9(e), 52:14B-49(c), Chapter 154, Laws of 1987; and Executive Order No. 34(1976).

Source and Effective Date

R.1997 d.9, effective December 10, 1996.
See: 28 N.J.R. 4297(a), 29 N.J.R. 124(a).

Executive Order No. 66(1978) Expiration Date

Chapter 20, Business Services, expires on December 10, 1998.

Chapter Historical Note

Chapter 20, Business Services, was filed and became effective prior to September 1, 1969, with Subchapters 1 through 5 on Attendance and Pupil Accounting, Bookkeeping and Accounting in Local School Districts, Tuition Public Schools, Tuition Nonpublic Schools, and State Aid.

Subchapter 6, Purchase and Loan of Textbooks, was adopted as Emergency R.1974 d.240, effective August 29, 1974. See: 6 N.J.R. 389(a). Subchapter 7, Qualification, Debarment, Suspension and Disqualification of Person(s) Concerning Contract Administration, was adopted as R.1976 d.388, effective December 7, 1976. See: 8 N.J.R. 501(c), 9 N.J.R. 13(a). Subchapter 8, Public School Contracts, was adopted as R.1980 d.69, effective February 8, 1980. See: 11 N.J.R. 499(a), 12 N.J.R. 107(a). Subchapter 4, Tuition Nonpublic Schools, was repealed and a new Subchapter 4, Tuition for Private Schools for the Handicapped, was adopted as R.1983 d.369, effective September 6, 1983. See: 15 N.J.R. 730(a), 15 N.J.R. 1469(a). The text of Subchapter 4 was subsequently replaced by R.1984 d.398, effective September 4, 1984. See: 16 N.J.R. 1298(a), 16 N.J.R. 2358(a).

Pursuant to Executive Order No. 66(1978), Subchapter 5, State Aid, was readopted as R.1984 d.546, effective November 15, 1984. See: 16 N.J.R. 2392(a), 16 N.J.R. 3429(a). Subchapter 7, Qualification, Debarment, Suspension and Disqualification of Person(s) Concerning Contract Administration, was readopted as R.1984 d.545, effective November 15, 1984. See: 16 N.J.R. 2394(a), 16 N.J.R. 3430(a). Subchapter 8, Public School Contracts, was readopted as R.1985 d.88, effective March 4, 1985. See: 16 N.J.R. 3372(b), 17 N.J.R. 584(a). Subchapter 6, Purchase and Loan of Textbooks, was readopted as R.1985 d.150, effective March 8, 1985. See: 17 N.J.R. 148(a), 17 N.J.R. 814(a). Subchapter 3, Tuition Public Schools, was readopted as R.1985 d.157, effective March 11, 1985. See: 17 N.J.R. 144(a), 17 N.J.R. 811(c). Subchapter 2, Bookkeeping and Accounting in Local School Districts, was readopted as R.1985 d.452, effective August 9, 1985. See: 17 N.J.R. 1361(a), 17 N.J.R. 2105(b).

Subchapter 2, Bookkeeping and Accounting in Local School Districts, was amended and recodified as Subchapter 2A, Double Entry Bookkeeping and GAAP Accounting in Local School Districts, and a new Subchapter 2, Bookkeeping and Accounting in Local School Districts, was adopted as R.1990 d.21, effective January 16, 1990. See: 21 N.J.R. 2919(a), 22 N.J.R. 176(a).

Pursuant to Executive Order No. 66(1978), Chapter 20 was readopted as R.1990 d.393, effective July 16, 1990. As part of R.1990 d.393, the expiration of Subchapter 2, Bookkeeping and Accounting in Local School Districts, was set for July 1, 1993, the implementation date of the provisions of Subchapter 2A, Double Entry Bookkeeping and GAAP Accounting in Local School Districts. See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

Subchapter 9, Child Nutrition Programs, was recodified from N.J.A.C. 6:79 by R.1992 d.202, effective May 4, 1992. See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Pursuant to Executive Order No. 22(1994), the expiration date of Chapter 20 was extended from July 16, 1995 to January 16, 1997. See: 26 N.J.R. 3783(a) and 3942(a).

Pursuant to Executive Order No. 66(1978), Chapter 20 was readopted as R.1997 d.9, effective December 10, 1996. See: Source and Effective Date.

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SUBCHAPTER 1. ATTENDANCE AND PUPIL ACCOUNTING

6:20-1.1 School register

(a) The Commissioner shall prepare and distribute a school register which shall be known as the New Jersey School Register, for recording pupil attendance in all public schools of the State operated by district boards of education, except adult high schools.

(b) Pupil attendance shall be recorded in the school register during school hours on each day the school is in session.

(c) Separate school registers shall be kept for pupils attending A.M. kindergarten, P.M. kindergarten, full-day kindergarten, grades 1 through 6, grades 7 and 8, grades 9 through 12, each pre-school handicapped class, each handicapped class, shared-time classes for regular pupils, shared-time classes for handicapped pupils, full-time bilingual education programs and vocational day programs, and summer schools operated by district boards of education.

(d) The attendance record of all pupils furnished individual instruction or training shall be recorded in a separate official record of home instruction provided by the district board of education. Pupils on roll in home instruction shall not be regarded as enrolled for purposes of average daily enrollment and average daily attendance.

Amended by R.1990 d.393, effective August 6, 1990.
See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

More clearly delineated the use of separate school registers.
Amended by R.1990 d.610, effective December 17, 1990.
See: 22 N.J.R. 2633(a), 22 N.J.R. 3736(a).

Deleted reference to "annual" distribution of school register.

6:20-1.2 School enrollment

(a) The enrollment in a class, a school or a school district shall be the total number of original entries plus the number of re-entries, less the number of transfers, withdrawals or dropouts in any such unit during a school year. The total number of original entries and re-entries, less the number of transfers, withdrawals or dropouts, in all the classes and schools of a school district shall constitute the school enrollment for that district board of education during any school year.

(b) No pupil attending a school operated by a district board of education shall be enrolled in more than one school register in any school district during a school year. All pupils shall be enrolled as of the first day of attendance for that year.

(c) No pupil shall be enrolled in a school register until the pupil has reached the following legal school age:

1. Kindergarten—over four years and less than six years;
2. Day school—over five years;
3. Pre-school handicapped—over three years and less than five years.

(d) Within 10 days of the start of the school year, a school district must determine whether any re-entering student who has not attended school that year has an excused absence or has transferred, withdrawn or dropped out of the school district.

(e) Any pupil enrolled in a school register in a school district who moves to another school district in the same school year shall be enrolled in one register in the new school district upon entering school in that district.

(f) The average daily enrollment in a school district for a school year shall be the sum of the days present and absent of all enrolled pupils when schools were in session during the year, divided by the number of days schools were actually in session. The average daily enrollment for the classes or schools of a district having varying lengths of terms shall be the sum of the average daily enrollments obtained for the individual classes or schools.

(g) The average daily attendance in a school district for a school year shall be the sum of the days present of all enrolled pupils when schools were in session during the year, divided by the number of days schools were actually in session. The average daily attendance for the classes or schools of a district having varying lengths of terms shall be the sum of the average daily attendance obtained for the individual classes or schools.

Amended by R.1990 d.393, effective August 6, 1990.

See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

Added (f) defining calculation of the "average daily attendance".

Amended by R.1990 d.610, effective December 17, 1990.

See: 22 N.J.R. 2633(a), 22 N.J.R. 3736(a).

Added new (d) requiring school make determination of status absent reentering students within 10 days of start of school year.

Case Notes

Student would be permitted to attend school in her grandmother's district where mother's economic hardship compelled student to live with grandmother. *R.G. v. Ocean Township Board of Education*, 96 N.J.A.R.2d (EDU) 632.

Family discord which prompted student to move in with his grandmother constituted hardship entitling student to public education in his grandmother's school district, even though his parents retained legal custody of student. *R.H. v. Ocean Township Board of Education*, 96 N.J.A.R.2d (EDU) 628.

Divorced parents sharing equal custody owe no tuition to school board when children attend school in father's district. *Clifton Board of Education v. Sauro*, 96 N.J.A.R.2d (EDU) 497.

Children entitled to attend district school without charge where evidence showed that family never intended to reside in investment property located outside of district. *Norcross v. Berlin Board of Education*, 96 N.J.A.R.2d (EDU) 458.

Student living with guardians who have assumed full care is entitled to free education in district where guardians reside. *MacKinney v. Clifton Board of Education*, 96 N.J.A.R.2d (EDU) 434.

School district is responsible for education of child who lives with his grandparents even though grandparents are not his legal guardians and do not provide all his support. *East Brunswick Board of Education v. J.R.*, 96 N.J.A.R.2d (EDU) 285.

Sufficient showing of hardship entitles adopted student free education in adoptive family's school district. *D.E. v. Greater Egg Harbor Board of Education*, 96 N.J.A.R.2d (EDU) 244.

School district may "disenroll" students whose family moved out of district. *Thomas v. Passaic County Manchester Regional High School District Board of Education*, 96 N.J.A.R.2d (EDU) 37.

Student who failed to show domicile with relatives in district not eligible to attend school within that district. *S.J.S. v. Woodbury Heights Borough Board of Education*, 96 N.J.A.R.2d (EDU) 18.

School district in which child was domiciled with mother was responsible for special needs notwithstanding occasional exercises of parental responsibility by non-domiciled father. *Summit Board of Education v. Millburn Board of Education*, 95 N.J.A.R.2d (EDU) 506.

Child in *parens patriae* relationship with person domiciled within school district met hardship eligibility requirements for attending school within district. *S.L. v. Clifton Board of Education*, 95 N.J.A.R.2d (EDU) 476.

Student living with his grandmother in district to assist with a disability was not a legal resident entitled to a free education in district when supported entirely by his father living in another district. *D.W. v. Egg Harbor Board of Education*, 95 N.J.A.R.2d (EDU) 225, supplemented 95 N.J.A.R.2d (EDU) 587.

Children were not entitled to a free and public education in school district after they moved with their mother to a true, fixed and permanent home outside district. *Lee v. Holmdel Board of Education*, 95 N.J.A.R.2d (EDU) 214.

Changing geographic designation for attendance in kindergarten was based on excessive student enrollment and was not unreasonable. *G.M. v. Roselle Park Board of Education*, 95 N.J.A.R.2d (EDU) 107.

Tuition for school attendance in district was waived until children's domicile with parent in another district was established. *Union County Board of Education v. A. McG. and L.M.*, 95 N.J.A.R.2d (EDU) 74, appeal dismissed 96 N.J.A.R.2d (EDU) 140.

Parent established domicile in school district to entitle children to free public education. *R.A. v. Ewing Board of Education*, 95 N.J.A.R.2d (EDU) 49.

Lack of affidavit from natural father residing out of state did not preclude enrollment of child in school district when control had otherwise been relinquished. *Gunderson v. Brigantine Board of Education*, 95 N.J.A.R.2d (EDU) 39.

Family illegally living year-round at campsite; domicile; right to free education. *Board of Education of Township of Middle v. K.K. and P.K.*, 93 N.J.A.R.2d (EDU) 461.

Neither domicile nor temporary residence in district established; student ineligible for free public education. *I.P. v. Board of Education of Borough of Leonia*, 93 N.J.A.R.2d (EDU) 128.

Incarcerated pupils; proof of residence. *Board of Education of City of Atlantic City v. New Jersey Department of Education*, 92 N.J.A.R.2d (EDU) 545.

Domicile; multiple residences. *Fort Lee Board of Education v. Kintos*, 92 N.J.A.R.2d (EDU) 96.

Enrollment status. Parents on behalf of "G.S." v. Bd. of Ed., *Rockaway, Morris Cty.*, 1974 S.L.D. 637.

6:20-1.3 School attendance

(a) For purposes of school attendance a day in session shall be a day on which the school is open and pupils are under the guidance and direction of a teacher or teachers engaged in the teaching process. Days on which school is closed for such reasons as holidays, teachers' institutes and inclement weather shall not be considered as days in session.

(b) A school day shall consist of not less than four hours of actual school work, except that in an approved kindergarten one continuous session of 2½ hours may be considered as a full day.

(c) An approved kindergarten shall meet the following requirements:

1. Every kindergarten teacher shall be properly certified.

2. A balanced program in an approved facility with adequate equipment, materials and supplies shall be provided each child. This program is to be designed to meet the individual needs of every child and may include instruction in reading and other subjects when it has been determined that a child is ready for such instruction by the teacher of the class.

3. The maximum enrollment for any kindergarten class shall be 25 pupils per teacher. The county superintendent of schools may give permission to increase the number in a room to any number he chooses provided another teacher, an auxiliary teacher, or a teacher aide is employed full-time to provide for the increased size.

(d) A day of attendance shall be one in which a pupil is present for the full day under the guidance and direction of a teacher while school is in session. Whenever over-crowded conditions make it necessary to hold two separate sessions with a different group of pupils in each session a pupil attending for all of either session shall be regarded as having attended for the full day. An excused absence for any reason shall not be counted as a day of attendance in the school register.

(e) A half-day class shall be considered the equivalent of a full day's attendance only if in session for four hours or more, exclusive of recess periods or lunch periods.

(f) A record of the attendance of all pupils on roll in a school register shall be kept each day that school is in session by a teacher or other authorized person. It shall be the duty of this person to keep the attendance records according to these rules and the specific instructions printed in the school register, and if necessary, according to supplementary instructions issued from time to time by the Commissioner.

(g) No pupil shall be recorded as present unless the school is in session and the pupil or pupils so recorded are under the guidance and direction of a teacher in the teaching process.

(h) A pupil shall be recorded as absent in the school register when not in attendance at a session of the school while a member of the school, except pupils excused due to religious holidays who shall be recorded as excused.

(i) A pupil shall be recorded as either present, absent, or excused for religious observance, every day the school is in session after the pupil enters until the date the pupil is transferred to another school, transferred to an individual home instruction record, or officially leaves the school system.

(j) The Commissioner shall annually prescribe a list of religious holidays on which it shall be mandatory to excuse pupils for religious observance upon the written request signed by the parent or person standing in loco parentis.

(k) The mere presence of a pupil at roll call shall not be regarded as sufficient attendance for compliance with these rules. In a school which is in session during both the forenoon and the afternoon, a pupil shall be present at least one hour during both the forenoon and the afternoon in order to be recorded as present for the full day. In a school which is in session during either the forenoon or the afternoon, a pupil shall be present at least two hours in the session in order to be recorded as present for the full day.

Amended by R.1990 d.393, effective August 6, 1990.

See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

Deleted (f), (m) and (n); recodified with editorial changes.

Case Notes

State Board of Education regulations applying to institutionalized children adopted. New Jersey Assn. for Retarded Citizens, Inc. v. State Dept. of Human Services, 89 N.J. 234, 445 A.2d 704 (1982).

Pupils not shown not to be residents of school district; incarceration. Board of Education of City of Atlantic City v. New Jersey Department of Education, 93 N.J.A.R.2d (EDU) 336.

Speculative impact of rule does not justify rescission of Board resolution allowing early enrollment. McDowell v. Bd. of Ed., Island Heights, Ocean Cty., 1974 S.L.D. 1316.

SUBCHAPTER 2. (RESERVED)

SUBCHAPTER 2A. DOUBLE ENTRY BOOKKEEPING AND GAAP ACCOUNTING IN LOCAL SCHOOL DISTRICTS

6:20-2A.1 Prescribed system of double entry bookkeeping and GAAP accounting

(a) A uniform system of double entry bookkeeping shall be established, and such uniform system shall be utilized by all district boards of education.

(b) Accounting principles consistent with the "generally accepted accounting principles" (henceforth referred to as GAAP) promulgated by the Governmental Accounting Standards Board shall be applied by all district boards of education when preparing financial statements.

(c) All school districts shall conform to the requirements of this subchapter on July 1, 1993 pursuant to N.J.S.A. 18A:4-14.1.

Amended by R.1985 d.452, effective September 3, 1985.

See: 17 N.J.R. 1361(a), 17 N.J.R. 2105(b).

"district board of education" substituted for "local school."

New Rule, R.1989 d.86, effective February 6, 1989.

See: 20 N.J.R. 2502(a), 21 N.J.R. 292(a).

This section was "prescribed system of bookkeeping".

Amended by R.1990 d.21, effective January 16, 1990.

See: 21 N.J.R. 2919(a), 22 N.J.R. 176(a).

Recodified and new (c) added.

Amended by R.1990 d.393, effective August 6, 1990.

See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

Added effective date of these rules: July 1, 1993.

6:20-2A.2 Summary statement of principles

(a) The accounting and reporting objectives of a district board of education accounting system shall make it possible to:

1. Present fairly and with full disclosure the financial position and results of operations of the funds and the presentation of account groups of the district board of education in conformity with GAAP; and
2. Determine and demonstrate compliance with finance-related legal and contractual provisions.

(b) District board of education accounting systems shall be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with the fund's special regulations, restrictions, or limitations.

(c) The following types of funds shall be used by district boards of education:

1. Governmental funds shall be established, when necessary as follows:
 - i. The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund shall include, as necessary, major accounts (funds) as follows: general current expense; capital outlay; and other current expense categories designated by the Commissioner.
 - ii. Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.
 - iii. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by general fund revenues such as property taxes, proprietary funds and trust funds).

iv. Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

2. Proprietary funds shall be established, when necessary, as follows:

i. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the district board of education is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the district board of education has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

ii. Internal service funds are used to account for the financing of goods or services provided by one department or office to other departments or offices of the district board of education, or to other district boards of education and governmental units, on a cost-reimbursement basis.

3. Fiduciary funds shall be established, when necessary, as follows:

i. Trust and agency funds are used to account for assets held by a district board of education in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust funds, nonexpendable trust funds, pension trust funds, and agency funds.

(d) District boards of education shall establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established.

(e) District boards of education shall maintain account groups for fixed assets and long-term liabilities.

1. A clear distinction shall be made between fund fiscal assets and general fixed assets.

i. Fixed assets related to specific proprietary funds or trust funds shall be accounted for through such funds.

ii. All other fixed assets of a district board of education not required to be accounted for in a proprietary or trust fund shall be accounted for through the general fixed assets account group.

2. A clear distinction shall be made between fund long-term liabilities and general long-term debt.

i. Long-term liabilities of proprietary funds and trust funds shall be accounted for through such funds.

ii. All other unmatured general long-term liabilities of the district board of education not required to be accounted for in a proprietary or trust fund shall be accounted for through the general long-term debt account group.

(f) Fixed assets shall be accounted for at cost or, if the cost is not practicably determinable, at estimated historical cost determined in accordance with GAAP. Donated fixed assets shall be recorded at their estimated fair value at the time received.

(g) The following shall apply to the depreciation of fixed assets:

1. Depreciation of general fixed assets accounted for through the general fixed assets account group shall not be recorded in the accounts of governmental funds. Depreciation of general fixed assets may be recorded in cost accounting systems or calculated for cost finding analyses, and accumulated depreciation may be recorded in the general fixed assets account group.

2. Depreciation of fixed assets accounted for in a proprietary fund shall be recorded in the accounts of such fund. Depreciation is also recognized in trust funds where expenses, net income, and/or capital maintenance are measured.

(h) The modified accrual or accrual basis of accounting as appropriate shall be used in measuring financial position and operating results.

1. Governmental fund revenues and expenditures shall be recognized on the modified accrual basis. Revenues shall be recognized in the accounting period in which they become available and measurable. Expenditures shall be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which shall be recognized when due.

2. Proprietary fund revenues and expenses shall be recognized on the accrual basis. Revenues shall be recognized in the accounting period in which they are earned and become measurable; expenses shall be recognized in the period incurred, if measurable.

3. Fiduciary fund revenues and expenses or expenditures (as appropriate) shall be recognized on the basis consistent with the fund's accounting measurement objective. Nonexpendable trust and pension trust funds shall be accounted for on the accrual basis; expendable trust funds shall be accounted for on the modified accrual basis. Agency fund assets and liabilities shall be accounted for on the modified accrual basis.

4. Transfers shall be recognized in the accounting period in which the inter-fund receivable and payable arise.

(i) An annual budget(s) shall be adopted by each district board of education and shall be included in the minutes of the board.

1. A detailed school district budget statement which shall include the classification of expenditures by program and/or function shall be prepared on a fund basis and in accordance with N.J.S.A. 18A:22-8. The school district budget statement shall be submitted by each district board of education in a form prescribed by the Commissioner.

2. Detailed budgets for each special project, capital project and Federal or State grant shall be prepared and maintained along with all authorized revisions on file in the business office.

3. A district board of education shall take appropriate action, as necessary, to maintain a "balanced budget", that is, one in which budgeted anticipated revenues and fund balance equal budgeted appropriations.

i. The board secretary shall notify the district board of education of any changes in anticipated revenue sources.

(j) The accounting system shall provide the basis for appropriate budgetary control.

(k) Budgetary comparisons shall be included in the appropriate financial statements and schedules for governmental funds for which an annual school district budget has been adopted.

(l) Transfer, revenue, expenditure, and expense account classification shall be maintained as follows:

1. Interfund transfers and proceeds of general long-term debt issues shall be classified separately from fund revenues and expenditures or expenses.

2. Governmental fund revenues shall be classified by fund, character (major account) and source. Expenditures shall be classified by fund, program and/or function, organization unit, activity, character (major account), and principal classes of objects.

3. Proprietary fund revenues and expenses shall be classified in essentially the same manner as those of similar business organizations, functions, or activities.

(m) A common terminology and classification shall be used consistently throughout the budget, the accounts and the financial reports of each fund. District boards of education shall adopt a chart of accounts prepared in conformity with established guidelines as follows:

1. The Commissioner shall prepare, publish and distribute a uniform minimum chart of accounts consistent with Financial Accounting for Local and State School

Systems, commonly referred to as Handbook 2R2 and developed by the National Center for Education Statistics, for use in the accounting systems of all district boards of education and shall compel its use for financial reporting to the Department of Education.

2. The Commissioner shall publish and distribute Financial Accounting for Local and State School Systems, commonly referred to as Handbook 2R2 and developed by the National Center for Education Statistics, for use in the accounting systems of district boards of education selecting the program oriented budget system or those wishing to expand upon the minimum requirements for the function oriented budget system established in (m)1 above. Such expanded systems shall compile budget data in the expanded and minimum format each month and at the end of the fiscal year.

3. Any modifications to the chart of accounts adopted by the district board of education must conform to the guidelines established in (m)1 and 2 above and shall be subject to the district board of education's approval.

(n) Monthly and annual financial reports shall be prepared as follows:

1. Monthly financial statements and reports of financial condition, operating results and other pertinent information shall be prepared, in accordance with directions issued by the Commissioner, to facilitate management control of financial operations, legislative oversight and, where necessary or desired, for external reporting purposes.

2. A Comprehensive Annual Financial Report (annual audit), including General Purpose Financial Statements in compliance with Governmental Finance Officers Association (GFOA) standards, covering all funds and account groups of the district board of education, including introductory section; appropriate combined, combining, and individual fund statements; notes to the financial statements; required supplementary information; schedules; narrative explanations; and statistical tables, shall be prepared and published. The Commissioner shall prepare, publish and distribute a uniform program and shall compel its use for preparing the Comprehensive Annual Financial Report (annual audit).

3. General Purpose Financial Statements may be issued separately from the Comprehensive Annual Financial Report. Such statements shall include the basic financial statements and notes to the financial statements that are essential to fair presentation of financial condition and results of operations (and changes in financial position of proprietary funds and similar trust funds). Such statements may also be required to be accompanied by required supplementary information, essential to financial reporting.

Amended by R.1985 d.452, effective September 3, 1985.
See: 17 N.J.R. 1361(a), 17 N.J.R. 2105(b).

Added text "board of education."
New Rule, R.1989 d.86, effective February 6, 1989.
See: 20 N.J.R. 2502(a), 21 N.J.R. 292(a).

This section was "records of receipt and expenditure accounts".
Amended by R.1990 d.21, effective January 16, 1990.
See: 21 N.J.R. 2919(a), 22 N.J.R. 176(a).

Reference added to "Minimum" chart and requirements to be met if minimums are expanded upon.
Amended by R.1990 d.393, effective August 6, 1990.
See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

Added "fund balance" to (i)3.

Case Notes

County educational services commission; refund of surplus funds. Essex County Educational Services Commission v. New Jersey State Department of Education, 93 N.J.A.R.2d (EDU) 522.

Prior use of method of determining costs; no continuing right to such methodology; grant applicant liable for reimbursement. Children's Seashore House v. New Jersey Department of Education, 93 N.J.A.R.2d (EDU) 373, reversed 95 N.J.A.R.2d (EDU) 205.

Method of crediting board of education employees' voluntary contributions to credit union and tax annuity accounts; unconstitutional. Board of Education of Township of Neptune v. Neptune Township Education Association, 92 N.J.A.R.2d (EDU) 602, supplemented 95 N.J.A.R.2d (EDU) 209, affirmed 293 N.J.Super. 1, 679 A.2d 669.

6:20-2A.3 Conflicts between legal provisions and GAAP

(a) Where financial statements prepared in conformity with GAAP do not demonstrate finance-related legal and contractual compliance, the district board of education shall present such additional schedules and narrative explanations in the Comprehensive Annual Financial Report as may be necessary to report its legal compliance responsibilities and accountabilities.

(b) The accounting system shall be maintained on a legal-compliance basis, and shall include sufficient additional records to permit GAAP based reporting.

As amended, R.1977 d.463, eff. December 13, 1977.

See: 9 N.J.R. 359(a), 10 N.J.R. 5(b).

As amended, R.1981 d.353, eff. September 10, 1981.

See: 13 N.J.R. 333(e), 13 N.J.R. 563(b).

(d): 1982-83 changed to 1983-84.

(e): Classifications amended.

(f): added concerning 1982-83 budget "crosswalk."

As amended, R.1982 d.194, eff. June 21, 1982.

See: 14 N.J.R. 309(a), 14 N.J.R. 654(b).

(d): "Local boards" changed to "District boards"; "fiscal year" stipulation deleted.

(f): Existing text replaced by Commissioner's reporting requirement. Amended by R.1985 d.452, effective September 3, 1985.

See: 17 N.J.R. 1361(a), 17 N.J.R. 2105(b).

Added text "boards of education."

New Rule, R.1989 d.86, effective February 6, 1989.

See: 20 N.J.R. 2502(a), 21 N.J.R. 292(a).

This section was "budget and cost distribution records".

Case Notes

Local board of education accountable for funds raised by pupils through activities under the board's auspices. Silver v. Bd. of Ed., Hillside, Union Cty., 1977 S.L.D. 366, 1977 S.L.D. 371. Cluff v. Lower Cape May Reg. H.S. Bd. of Ed., 1972 S.L.D. 560.

(f) Open-end contracts will be governed by the following:

1. The issuance of purchase orders pursuant to an open-end contract shall be considered to be the carrying out of the contract and not a change order. The following requirements shall apply:

i. Orders under open-end contracts may not be used for purposes such as changing the quality or character of items to be provided, nor to exceed the maximum number(s) of items or units provided for in the original specifications and contract. Such changes would constitute a change order;

ii. The contract may not be for a period longer than the one-year requirement of the Public School Contracts Law, unless specifically authorized by law;

iii. The certificate of availability of funds shall be executed each time an order is placed, covering the amount of the order, unless the district board of education wishes to commit and certify the full amount at the outset. The certificate must be executed before the district board of education incurs a contractual liability on its part;

iv. Orders may be placed by the school official authorized to serve as contracting agent subject to such controls or approval requirements as the district board of education may lawfully impose.

(g) The requirements contained in this section shall apply to all contracts, agreements, purchase orders, or other actions which are entered into, authorized, executed, reviewed or extended on or after the day on which such rule is finally promulgated.

(h) Every district board of education shall take all steps necessary so that all appropriate school officials and employees shall be aware of and comply with this rule.

Amended by R.1985 d.88, effective March 4, 1985.

See: 16 N.J.R. 3372(b), 17 N.J.R. 584(a).

Added "district".

Amended by R.1990 d.393, effective August 6, 1990.

See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

At (c) deleted consultant and added EUS contract change orders.

Amended by R.1991 d.459, effective September 3, 1991.

See: 23 N.J.R. 1733(a), 23 N.J.R. 2634(a).

Citations corrected.

6:20-8.4 Bonds

(a) Types of bonds include:

1. "Bid bond" means a written guarantee, in the form of a certificate, payable to the district board of education, that the bidder, if awarded the contract within such time as may be specified in the invitation to bid, but in no case more than 60 days, unless such bidder has agreed to a longer period, will enter into a contract and will furnish any prescribed performance bond or other security required as a guarantee or indemnification and in default thereof providing payment for the damages suffered by

the district board of education as a result of the bidder's refusing to sign the contract.

2. "Labor and material bond" means a written guarantee, in the form of a certificate, payable to the district board of education, that the bidder will promptly make payment to all claimants, for all labor and material used or reasonably required for use in the performance of the contract between the bidder and the district board of education and in default thereof providing for payment of all unpaid labor and material bills.

3. "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.

(b) District boards of education may require in the notice to bidders or in the specifications that bidders guarantee that they will enter into a contract with the district board of education and will furnish any prescribed performance bond or other security required as a guarantee or indemnification. The guarantee may be given, at the option of the bidder, by certified check, cashier's check or bid bond. When the guarantee is given in the form of a bid bond, such bid bond shall:

1. Be given by a responsible surety or insurance company licensed to operate in New Jersey. District boards of education are prohibited from requiring that bidders submit a bid bond from a particular surety or insurance company.

2. Shall be given by a responsible individual residing in New Jersey. The district board of education may reject such individual bid bond if it is not satisfied with the sufficiency of the individual surety offered; or

3. Shall be in the form of a certificate, identifying the bidder, whose acts are guaranteed, the name of the surety company, insurance company or individual surety and the district board of education in whose favor the bonds are given. The "penalty" or "penal sum" on performance bonds, labor and material bonds, and all other such bonds shall be expressed in words and figures as a specific number of dollars and not as a percentage of the bid. The "penalty" or "penal sum" on performance and labor and material bonds shall be in the amount of 100 percent of the contract price.

Amended by R.1985 d.88, effective March 4, 1985.

See: 16 N.J.R. 3372(b), 17 N.J.R. 584(a).

Added "district" throughout rule.

Amended by R.1990 d.393, effective August 6, 1990.

See: 22 N.J.R. 1246(a), 22 N.J.R. 2345(a).

Reorganized section.

6:20-8.5 Contract or agreement due to an emergency situation

A copy of any contract or agreement for work or labor, materials, supplies or services made, negotiated or awarded by the secretary, business administrator, business manager or other such officer or employee of a district board of education pursuant to N.J.S.A. 18A:18A-7 and a copy of the written requisition for the performance of such work or labor, or the furnishing of materials, supplies or services shall be filed with the Bureau of Facility Planning Services and the office of the county superintendent of schools within three days after the awarding of the contract or agreement.

Amended by R.1985 d.88, effective March 4, 1985.
See: 16 N.J.R. 3372(b), 17 N.J.R. 584(a).
Added "district".

6:20-8.6 Contracts for behind-the-wheel driver education

(a) Contracts with private driver education schools providing behind-the-wheel driver education may be made, negotiated or awarded by a district board of education, for any term not exceeding in the aggregate three years, by resolution at a public meeting without public advertising for bids. Such resolution shall indicate that the private driver education school will provide behind-the-wheel driver education that is substantially equivalent to that provided by the district board of education at less cost than current or other proposed programs.

(b) Contracts shall only be made, negotiated or awarded with approved private driver education schools. A driver education school holding a current license or certificate of approval issued by the Director of the Division of Motor Vehicles shall be considered as being approved by the Commissioner of Education for the purpose of providing behind-the-wheel driver education. A copy of such current license or certificate of approval shall be obtained by the district board of education from the private driver education school and maintained on file with the contract.

New Rule, R.1985 d.88, effective March 4, 1985.
See: 16 N.J.R. 3372(b), 17 N.J.R. 584(a).

6:20-8.7 Cooperative pricing systems

District boards of education may by resolution establish a cooperative pricing system pursuant to N.J.S.A. 40A:11-11. No cooperative pricing system shall become effective without prior approval of the Director of the Division of Local Government Services in the Department of Community Affairs.

New Rule, R.1985 d.88, effective March 4, 1985.
See: 16 N.J.R. 3372(b), 17 N.J.R. 584(a).

SUBCHAPTER 9. CHILD NUTRITION PROGRAMS**6:20-9.1 Definitions**

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

"Agreement for School Nutrition Programs" means the agreement entered into between the Department and each sponsor pursuant to Federal regulations 7 CFR Parts 210, 215, 220 and 245.

"Application" means the notifying letter and application form issued to all parents of students enrolled in school to determine eligibility for child nutrition programs.

"Bureau" means the Bureau of Child Nutrition Programs, which administers the Federal child nutrition program in the State of New Jersey.

"Child Nutrition Programs" means the National School Lunch Program, School Breakfast Program, Special Milk and Split-Session Kindergarten Milk Programs, Child Care Food Programs and the Summer Food Service Program.

"Department" means the State Department of Education.

"Department's Consolidated Enrollment Report: Current School Enrollment Data" means a comprehensive report which districts are required to submit each October to provide information on school enrollment data, including the number of students eligible for free and reduced price meal benefits.

"Enrolled student" means all students enrolled in the school including pre-kindergarten, kindergarten and grades one through 12 regardless of participation in the School Nutrition Programs.

"Five percent threshold" means the point at which five percent or more of the total school enrollment of each school in the district is eligible for free or reduced price meals and/or free milk.

"Foods of minimal nutritional value" means those foods contained in the following categories as specified in the United States Department of Agriculture, regulations 7 CFR Part 210 Appendix B: soda water, water ices, chewing gum, certain candies: hard candy, jellies and gums, marsh-mallow candies, fondant, licorice, spun candy and candy coated popcorn.

"Hours of operation" means from the beginning of the first scheduled meal period until the end of the last scheduled meal period.

“Nutritional standards” means those standards established by the U.S. Department of Agriculture at 7 CFR Part 210 and incorporated by reference by the State Department of Education. These standards govern the type and nutritional value of all food items offered as part of the school lunch and breakfast meal pattern and a la carte food items.

“Policy” means the free and reduced-price policy required by applicable regulations of the United States Department of Agriculture, 7 CFR Parts 210, 215, 220 and 245.

“School” means a school operating under the supervision of a sponsor as defined herein.

“School food authority” means the governing body which is responsible for the administration of one or more schools; and which has the legal authority to operate the National School Lunch, School Breakfast or Special Milk Program.

“School Nutrition Programs” means those programs administered by the Bureau of Child Nutrition which include the National School Lunch Program, School Breakfast Program and Special Milk Programs.

“Sponsor” means the school district participating in any child nutrition program.

“Survey” means the procedure required of every school and sponsor to determine eligibility of every enrolled student for free and reduced-price meals regardless of whether the school has an agreement with the Department to participate in any of the School Nutrition Programs.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Definitions substantially amended.
Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Recodified and added new definitions for “Child Nutrition Programs”; “Department’s Consolidated Enrollment Report: Current School Enrollment Data”; “enrolled student”; “five percent threshold”; “nutritional standards”; “school food authority” and “school nutrition programs”; amended “sponsor” and “survey”.

6:20-9.2 Policy and Agreement for School Nutrition Programs

(a) All school districts shall adopt a free and reduced price policy pursuant to Federal regulations 7 CFR Parts 210, 215, 220 and 245 on the form prescribed by the Commissioner entitled “Policy for the Free and Reduced-price Meals or Free Milk.” This form is available from the Bureau of Child Nutrition, Department of Education, CN 500, Trenton, NJ 08625.

(b) This policy shall be signed and returned to the Bureau no later than the end of the second calendar month for which any reimbursement can be claimed for meals and milk served under the child nutrition programs. However, for sponsors starting programs in September, the deadline for submission of the policy shall be September 30.

(c) The Agreement for School Nutrition Programs shall contain the policy referred to in (a) above and shall be submitted in accordance with the application prescribed by the Commissioner pursuant to 7 CFR § 210.9, 215.7, 220.7 and 245.10.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Substituted “Agreement for School Nutrition Programs” for “school feeding agreement”.

Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Added new (a) and (c) regarding the adoption of free and reduced price policies in all school districts; recodified from N.J.A.C. 6:79-1.2. Administrative Correction to (a).
See: 24 N.J.R. 2712(c).

Case Notes

Statute authorizing exemption from mandatory school lunch program upheld against due process constitutional challenge. *Robbiani v. Burke*, 77 N.J. 383, 390 A.2d 1149 (1978).

6:20-9.3 Eligibility

The Bureau shall administer Statewide eligibility standards pursuant to Federal regulations 7 CFR Part 245 for Determining Eligibility for Free and Reduced Price Meals and Free Milk in Schools. Such standards shall be used by all sponsors participating in the child nutrition programs.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Substituted “administer” for “establish”.
Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Recodified and added reference to Federal regulations and recodified from N.J.A.C. 6:79-1.3.

6:20-9.4 Survey

(a) By the last school day prior to October 16 of each school year, each school, under the supervision of its sponsor, shall survey the parent or guardian of each student enrolled to determine which students are eligible to receive free or reduced-price meals and/or free milk. The purpose of the survey is to determine the five percent threshold as defined in N.J.S.A. 18A:33-4.

(b) This survey shall be conducted using the “Application for Free and Reduced Price Meals or Free Milk” as prescribed by the Commissioner pursuant to Federal regulations (7 CFR Part 245). This application shall be distributed to the parent or guardian of every student enrolled in the school.

(c) The results of this survey shall be included in the Department’s Consolidated Enrollment Report: Current School Enrollment Data for the school year in which the survey is made.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Added “which shall include” to text.
Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

New due date added in (a) and purpose; at (b) required use of specific application; at (c) requires submission of information in specific report and recodified from N.J.A.C. 6:79-1.4.

6:20-9.5 Application

(a) The Bureau shall prepare an application which shall be used by all school districts. A copy of the application used by each school district must be filed with the Bureau together with the policy described in N.J.A.C. 6:20-9.2.

(b) The parent or guardian shall be given at least two weeks from the date of receipt of the application to complete and submit the application to the school district which must provide adequate assistance to parents in completing these applications.

(c) Applications in languages other than English must be provided where non-English speaking parents are possible applicants. (An application in Spanish and French is available upon request from the Bureau.)

(d) Upon receipt of the completed application, the district must determine each student's eligibility for a free or reduced-price meal and/or free milk from the information submitted. Each student shall be offered free or reduced-price meals and/or free milk as soon as eligibility has been determined. If the school has reason to question the information provided, the student affected must continue to receive the free or reduced-price meals and/or free milk until completion of the appeal procedures set forth in the sponsor's policy pursuant to Federal regulations (7 CFR § 245.7 Hearing Procedure for Families and School Food Authorities).

(e) Any school may authorize free or reduced-price meals and/or free milk on the recommendation of a teacher, nurse or other school official, based on known economic need, in cases where parents will not or cannot apply for free or reduced-price meals and/or free milk for their children. A school official must complete applications for these students.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Deleted text "said information is found to be incorrect by" and substituted "completion of" in (d).

Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Replaced term "sponsor" with "school district"; added reference to Federal regulations in (d) and recodified from N.J.A.C. 6:79-1.5.

6:20-9.6 Participation requirements

(a) Any school in which five percent or more of the school enrollment is found to be eligible for free or reduced-price meals shall offer lunch to all students enrolled in that school. Free and reduced price lunches must be offered to all qualifying children. Such lunches shall meet minimum nutritional standards established by the U.S. Department of Agriculture (7 CFR §§ 210.10 and 220).

(b) Any school may participate in the National School Lunch Program.

(c) The school food authority shall maintain a non-profit school food service. All revenues are to be used only for the operation or improvement of the school food service.

(d) The school food authority shall limit its net cash resources to an amount that does not exceed three months' average expenditures for its non-profit school food service.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Added (c).

Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Required that all qualifying students be offered free and reduced price lunches and recodified from N.J.A.C. 6:79-1.6.

6:20-9.7 Nutritional standards

Nutritional standards established by the Department for lunches and breakfasts served under the National School Lunch Program and the School Breakfast Program or as mandated by N.J.S.A. 18A:33-4 shall be identical to those established in the United States Department of Agriculture regulations at 7 CFR § 210.10 and Part 220 respectively. These Federal regulations and all subsequent amendments are adopted herein by reference as published in the Department's Nutritional Standards for School Nutrition Programs available through the Bureau of Child Nutrition Programs, Department of Education, CN 500, Trenton, New Jersey 08625-0500.

Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Adopted by reference USDA Nutritional Standards for School Nutrition Programs and recodified from N.J.A.C. 6:79-1.7.

6:20-9.8 Review and evaluation

(a) Each sponsor's implementation of its policy shall be reviewed and evaluated by the Bureau on a continuing basis.

(b) Federal and State child nutrition program funds may be withheld and/or fiscal action taken against sponsors (see: 7 CFR § 210.19(c), 215.12(a) and 220.14(a)) found not to be in compliance with applicable Federal regulations (7 CFR Parts 210, 215 and 220).

(c) Sponsors shall not alter or amend standards set forth in their policy without prior approval by Bureau.

R.1974 d.198, effective July 19, 1974.
See: 6 N.J.R. 302(e).

Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Added references to Federal regulations and recodified from N.J.A.C. 6:79-1.8.

6:20-9.9 Maximum charge

(a) The Bureau shall annually establish the maximum per meal and milk charge pursuant to 7 CFR § 210.2 and 215.8(c); however, sponsors may appeal to the Bureau to increase such maximum per meal or milk charges.

1. The maximum milk charge shall be established based on the rate of reimbursement from the United States Department of Agriculture (USDA) per $\frac{1}{2}$ pint of milk, consideration of the annual average statewide student price/charge for milk and the average cost of a $\frac{1}{2}$ pint of milk as purchased from the dairy.

2. The maximum meal charge shall be established based on the rate of reimbursement from the USDA for a free meal minus the rate of reimbursement from the USDA for a paid meal, and consideration of the annual average statewide student price/charge for a paid meal in the elementary, middle and secondary grades.

(b) Adult meal prices shall be established to cover all costs associated with the production and service of the adult meal.

Amended by R.1983 d.71, effective March 21, 1983.
See: 14 N.J.R. 1248(b), 15 N.J.R. 440(a).

Deleted old (a) concerning sponsors establishing milk prices.
Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Added new (a)1 and 2 and new (b) specifying how maximum charges are established and recodified from N.J.A.C. 6:79-1.9.

6:20-9.10 Competitive food policy

(a) The sale or free promotion of extra food items of minimal nutritional value on the school property at any time

before the end of the last lunch period shall not include those items prohibited by regulations promulgated by the United States Department of Agriculture for the administration of child nutrition programs and as contained in the Department's nutritional standards as referenced in N.J.A.C. 6:20-9.7. This policy also applies to all school districts required to make school lunch available pursuant to N.J.S.A. 18A:33-4 regardless of participation in the National School Lunch Program.

(b) All income derived from the sale of food and beverage items within a school during the hours when the school lunch and school breakfast programs are in operation must accrue to the accounts of said programs.

Amended by R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Deleted old text in (a) and added new.
Amended by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).

Free promotion of extra food items of minimal nutritional value prohibited and recodified from 6:79-1.10.

6:20-9.11 Meal accountability

Sponsors shall count and record daily, at the point of service, the number of meals or milks served by category (free, reduced price and paid).

As amended by R.1983 d.71, effective March 21, 1983.
See: 14 N.J.R.1248(b), 15 N.J.R. 440(a).

Repealed nonfood assistance.
New Rule, R.1987 d.524, effective December 21, 1987.
See: 19 N.J.R. 1599(a), 19 N.J.R. 2399(a).

Recodified from N.J.A.C. 6:79-1.11 by R.1992 d.202, effective May 4, 1992.
See: 24 N.J.R. 324(a), 24 N.J.R. 1791(c).