

GUIDANCE ON 2011-12 ADDITIONAL STATE AID

1. Use in 2011-12

a. Tax Relief in 2011-12

N.J.S.A. 18A:22-33, Submission of budget and authorization of tax, provides that if a Type II district determines that it has a greater surplus account available for the school year than estimated when the sum to be raised by the district tax was presented to the voters, the secretary of the board of education, with the approval of the Commissioner, may between the date of the school election and the delivery of tax bills pursuant to R.S. 54:4-64 re-certify to the county board of taxation the amount to be raised by the special district tax during the ensuing school year, if the sum is lower than that approved by the voters in the school election, and if the reduction is equivalent to the additional amount available in the surplus account to be applied towards the district's budget. The amount re-certified shall be included in the taxes assessed, levied and collected in the municipality or municipalities comprising the district.

District boards of education that wish to use any portion of the additional state aid for property tax relief must act immediately to revise the general fund tax certification (Form A4F). The required minimum tax levy **must** still be raised.

1. The district must advertise 48 hours prior to holding a public meeting of the board of education at which the board must pass a resolution to state the amount of additional state aid that will be used for tax relief.
2. District must revise the revenues in the budget software to reflect the additional state aid for the amount that is used to reduce the tax levy.
3. District must revise the A4F in the budget software to reflect the reduced tax levy.
4. District board secretary must certify the revised Form A of the A4F.
5. The revised A4F should be distributed by 4 pm on Tuesday July 19, 2011 to the following:

County Board of Taxation

Local Assessor

NJ Division of Local Governmental Services

(Bureau of Financial Regulation and Assistance

PO Box 803

Trenton, NJ 08625)

Municipal Clerk

Executive County Superintendent

School District

Please note that districts still may not lower the general fund tax below the minimum tax levy required by N.J.S.A. 18A:7F-5(b).

N.J.S.A. 18A:7F-39 allows a school district that has not been granted approval to exceed the tax levy cap by a separate proposal, to “bank” the unused tax levy for use in any one of the next three succeeding budget years. Fiscal year 2011-12 is the first year in which banked cap could be generated, to be utilized in 2012-13 through 2014-15. Districts that are able to reduce the tax levy for 2011-12 may have additional “banked” cap.

b. Revising 2011-12 budget

N.J.A.C. 6A:23A-13.3(d) authorizes district boards of education to appropriate unbudgeted or underbudgeted State aid for which the approval was granted by the Department in the written notification to the district board of education of the additional aid.

Districts that appropriate 2011-12 additional State aid included in the State aid notification of July 11, 2011 must seek and receive Executive County Superintendent’s approval through the submission of a revised budget. The Executive County Superintendent will review the accuracy of the submission, as well as ensure that the proposed use for the additional aid is both effective and efficient. To the extent that any appropriated funds are unexpended and fall to surplus at June 30, 2012, they will be included in the audited excess surplus calculation.

2. Use in 2012-13

- a. Districts can choose to spend the additional aid amounts in fiscal year 2013 by not revising their fiscal year 2012 budget and by deferring any decision to appropriate the additional State aid to 2012-13. Such a district would include the additional revenue amount in the “Recapitulation of Balances” section of their 2012-13 budget on line 1640 as “Additional Balance Anticipated” during FY 2011-12 and on line 1660 as “Amount Budgeted in FY 2012-13”. At June 30, 2012, the amount designated for the 2012-13 fiscal year will be included as “Assigned – Designated for Subsequent Year Expenditures” in the district’s Comprehensive Annual Financial Report (CAFR).

3. Use in 2013-14

- a. For districts that do not revise their 2011-12 budgets to appropriate additional State aid or budget additional balances anticipated in 2012-13, any unexpended or undesignated funds drop to surplus at June 30, 2012 and become part of the excess surplus calculation. There is no adjustment to exclude the additional State aid in this calculation; therefore, any funds that bring the district’s unreserved fund balance to above 2% of the general fund expenditures excess surplus will provide tax relief for the 2013-14 school fiscal year (N.J.S.A. 18A:7F-7).

4. Retransmitting the budget

The budget transmitted to the department over the DOENET should reflect the budget certified for taxes. Districts should not retransmit if the tax levy for 2011-12 has not changed from a budget that has already been transmitted. Revisions of appropriations should not be retransmitted.

- a. Districts that revise the tax levy certification to use the entire additional state aid for property tax relief must retransmit the budget to the Department.
- b. Districts that revise the tax levy certification to use a portion of the additional state aid for property tax relief must retransmit the budget to the Department. The transmitted budget should only reflect the amount of additional state aid used to reduce the tax levy and not any additional appropriations.
- c. Districts that do not revise the tax levy in 2011-12 should not retransmit the budget.
- d. Districts that revise the appropriations but not the tax levy should not retransmit the budget.

5. Reporting on use of Additional Aid

- a. Districts must report to their Executive County Superintendent on the enclosed Excel form, how much of the additional aid amount is to be used in 2011-12, 2012-13, or 2013-14 for tax relief or how much will be appropriated.