

Instructions for Filling Out the School Ethics Act Disclosure Statements

Local school board members and charter school trustees, as school officials covered by the School Ethics Act, must annually complete a Personal/Relative Disclosure Statement and a Financial Disclosure Statement. The original of both forms must be filed with the district's board secretary or charter school designee on or before April 30 or within 30 days of taking office or appointment, whichever is applicable. One copy is kept in the local board or charter school office, with the original being filed in the office of the county superintendent for reference by the public and periodic audits by the School Ethics Commission. These disclosure statements are public records with the duplicate filing being intended to facilitate public access. Failure to comply with these filing requirements constitutes a violation of the School Ethics Act and subjects the school official to penalty up to and including removal.

To assist our membership, NJSBA simulates the completion of the disclosure statements below.

PERSONAL/RELATIVE DISCLOSURE STATEMENT

School officials must file a form dealing with school district employment of relatives and employment with or interest in firms that have contracts with the district. The School Ethics Act defines "relative" as the spouse, natural or adopted child, parent or sibling of the school official. New Jersey Administrative Code defines "related to the school official by marriage" to be limited to mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law and daughter-in-law. Information provided is for the previous calendar year.

SECTION I Personal Information

Section I requires the submission of the name, address, and school district or charter school affiliation of the school official and the name of his/her spouse. If the school official is a board member, the term of office must be listed. The school official must identify whether he/she is a board member, administrator, NJSBA employee or charter school trustee.

SECTION II Financial Information

1. Is any person related to you, or related to you by marriage, employed by the school district or a charter school in which you hold office or are employed? If you are an employee of the NJSBA, is any person so related to you employed by any school district or charter school?

Name and Relationship	District/Charter School	Position
A. <i>Joanne Bradford (sister-in-law)</i>	<i>Hometown Board of Education</i>	<i>Guidance Counselor</i>
B. _____	_____	_____
C. _____	_____	_____

What must be reported? The Act requires that the school official report whether any relative or person related to the school official by marriage is employed by the school district or charter school in which the school official holds office or is employed and if so, the name and position of each such relative. For officers and employees of the NJSBA, relative employment in any school district must be reported. Neither the Act nor its implementing regulations define the term "related to you." In the absence of such a

definition, it is recommended that you report your "relatives" and those "related to you by marriage" as defined above.

Line A: Michael Smith's sister-in-law (his wife's sister), Joanne Bradford, is employed as a guidance counselor by the school district. She falls under the definition of "related to the school official by marriage" and must be identified on the form.

2. Are you, or is any person related to you or related to you by marriage, a party to a contract with your school district or a charter school? If you are an employee of the NJSBA, are you or is any person so related to you a party to a contract with any school district? If so, please set forth:

Name and Relationship	Nature of Contract	District/Charter School
A. <i>Kevin Smith (Brother)</i>	<i>American Brokers—Liability Ins. Co.</i>	<i>Hometown Board of Education</i>
B. _____	_____	_____
C. _____	_____	_____

What must be reported? The Act requires that the school official report whether the school official, any relative or person related to the school official by marriage is a party to a contract with the school district or charter school in which the school official holds office or employment and if so, the nature of the contract. For officers and employees of the NJSBA, any school district contract relationship must be reported. Neither the Act nor its implementing regulations define the term "related to you." In the absence of such a definition,

it is recommended that you report your "relatives" and those "related to you by marriage" as defined above.

Line A: Mr. Smith's brother, Kevin, is a principal partner controlling more than 10 percent of the assets of the company that provides the district's liability insurance coverage. Because his holdings exceed 10 percent of the company's assets, he has an "interest" in the company, according to the School Ethics Act. He would, therefore, be considered to be a party to a contract with the school district.

3. Do you or does any relative receive compensation from or have an interest in any business which is a party to a contract with the school district or charter school in which you hold office or are employed? If you are an employee of the NJSBA, do you or does any relative receive compensation from or hold an interest in any business which is a party to a contract with any district? If so, list the name of each business and if applicable, school district.

Name and Relationship	Business	District/Charter School
A. <i>John J. Smith (Brother)</i>	<i>AT&T</i>	<i>Hometown Board of Education</i>
B. <i>Doris McCabe (Sister)</i>	<i>National City Bank</i>	<i>Hometown Board of Education</i>
C. <i>Donald Smith (Son)</i>	<i>Weather-All Windows</i>	<i>Hometown Board of Education</i>

What must be reported? The act requires that the school official report whether the school official or a relative is employed by, receives compensation from, or has an interest in any business which is a party to a contract with the school district or charter school in which the school official holds office or employment and, if so, the name of each such business.

Line A. John J. Smith, the board member's brother, works in Maryland for AT&T. AT&T is the school district's long-distance telephone carrier. The relationship between a Maryland office of AT&T and the local sales division of AT&T may seem remote. However, Mr. Smith's brother is still employed by the corporation under contract with the district. This fact should be disclosed, according to NJSBA's interpretation of the School Ethics Act.

Line B. Doris McCabe, Michael Smith's sister, works as a teller for a satellite branch of the National City Bank. The school district's payroll account is currently handled by the bank's main office. Even though Mrs. McCabe is not involved in the bank's commercial or government banking operations and works at a location remote from that division, her employment should be disclosed.

Line C. Donald Smith, the board member's son by his first marriage, works as an installer for Weather-All Windows. The firm is under contract to replace the windows at Hometown High School.

Instructions for Filling Out the School Ethics Act Disclosure Statements

Mr. Smith needs additional space to report compensation from or an interest in any business. In accordance with instructions on the Personal/Relative Disclosure Form, an additional piece of paper needs to be attached with the information.

Name and Relationship	Business	School District
D. <i>Kevin Smith (Brother)</i>	<i>American Brokers—Liability Insurance Co.</i>	<i>Hometown Board of Education</i>

Line D. Mr. Smith's brother, Kevin, is a principal partner controlling more than 10 percent of the assets of the insurance brokerage that provides the district's liability coverage. Because his holdings in the firm exceed 10 percent of its assets, he has an "interest" in the firm, according to the School Ethics Act.

Analysis: Michael Smith is in the unusual position of having relatives employed by four firms that have contracts with the school district. The employment of these four relatives provides good examples of the types of situations that must be disclosed.

FINANCIAL DISCLOSURE STATEMENT

School officials must also file a form dealing with financial information for themselves and members of their immediate family for the previous calendar year.

SECTION I Financial Information—Sources of Income

- List the name and address of each source of income, earned or unearned, from which you or a member of your immediate family received in excess of **\$2,000**. If a **publicly traded security** is the source of income, the security need not be reported unless you or a member of your immediate family has an interest in the business organization. If you are a district employee, be sure to list the district board or charter school as a source of income. Client fees received through a business organization need not be separately reported.

Name and Address of Source	Name of Recipient and Relationship
A. <i>Macro Management 10 Carnegie Blvd., Princeton</i>	<i>Michael J. Smith, Self</i>
B. <i>The College of New Jersey Hillwood Lakes, Trenton</i>	<i>Jane Smith, Spouse</i>
C. <i>Mercer Co. Community College Old Trenton Rd., W. Windsor</i>	<i>Michael J. Smith, Self</i>

What must be reported? Sources of income that exceeded \$2,000 during the previous calendar year. This includes "earned" income, such as wages, salaries, commissions and "unearned" income, such as rents, lottery winnings, gambling winnings, alimony, child support and proceeds from the sale of property.

What does not have to be reported? Income from publicly traded securities, (e.g., stocks and bonds), or from financial institutions, (e.g., interest income from savings accounts and CDs) unless the school official or a member of his/her immediate family has an interest in the organization or institution. The School Ethics Act defines "interest" as holding more than 10 percent of the "profits, assets or stock." Also, control of assets

in a labor union and individual client fees or commissions received through a business need not be reported.

Line A. "MacroManagement" is Mr. Smith's employer.

Line B. The College of New Jersey is his spouse's employer.

Line C. Mr. Smith is an adjunct instructor at the local community college. His income from this second job exceeds \$2,000.

Mr. Smith needs additional space to report sources of income and business/organizations in which an interest was held. In accordance with instructions on the Financial Disclosure Statement, an additional piece of paper needs to be attached with the following information:

Name and Address of Source	Name of Recipient and Relationship
D. <i>Acme Supermarket Rt. 33, Mercerville</i>	<i>Janet Smith, Daughter</i>
E. <i>Savings Bank of Hamilton, F.S.B. 3 Quakerbridge Rd, Trenton</i>	<i>Michael J. Smith, Self</i>
F. <i>Investment Property 50 Wyndham Pl., Robbinsville</i>	<i>Michael J./Jane Smith, Self/Spouse</i>
G. <i>N.J. State Lottery Brunswick Circle, Lawrenceville</i>	<i>Michael J. Smith, Self</i>

Line D. Mr. Smith's teenage daughter, Janet, works part time at a local supermarket. Her income from this job during the previous calendar year exceeded \$2,000.

Line E. Michael J. Smith holds 12 percent of the stock in a local financial institution. According to the School Ethics Act, he has an "interest" in the firm. His income from deposits in the bank and the returns on his stock investment exceeded \$2,000 in the previous calendar year. Therefore, the bank must be identified as a source of income. If Mr. Smith did not have an "interest" in the bank, he would not have to report it as a source of income—even if interest or investment income exceeded \$2,000.

Line F. Michael J. Smith and his spouse own a condominium which they rent out. The School Ethics Act does not require the identification of real estate investments per se.

However, it does require the reporting of unearned income, which includes "net income" from investment property. Since the school official received "net income" in excess of \$2,000 during the previous calendar year from this condominium, the condominium must be listed as a source of income. If Mr. Smith and his spouse "owned" the condominium through a partnership or a corporation and their net income from the partnership or corporation exceeded \$2,000, they would identify the partnership or corporation as the source of income.

Line G. Mr. Smith hit five numbers in a Pick-6 Lottery drawing during the previous calendar year. His winnings exceeded \$2,000.

- List the name and address of each source of **fees/honorariums, or gifts/reimbursements or prepaid expenses** having an aggregate amount exceeding \$250 from any single source, excluding relatives, received by you or an immediate family member. Be sure to list any reimbursement received from the district or charter school for such things as **conference attendance, tuition/dues reimbursement, personal appearances, speeches or writing**.

Name and Address of Source	Name of Recipient and Relationship
A. <i>Suburban Gourmet Mag. 9 River Rd., Yardley, PA</i>	<i>Jane Smith, Spouse</i>
B. <i>Amer. Assoc. of Education 3 York Ave, Wash., D.C.</i>	<i>Jane Smith, Spouse</i>
C. <i>Hometown, BOE 99 Park St., Mercer, NJ</i>	<i>Michael J. Smith, Self</i>

What must be reported? Sources of fees and honoraria exceeding a total of \$250 from a single source—for example, fees for personal appearances, speeches or writings received during the previous calendar year. You must also report sources of reimbursements or prepaid expenses exceeding \$250, including reimbursement for expenses during school

board-related seminars and conferences, sources of monies repaid on a loan and gifts from nonrelatives.

What does not have to be reported? Gifts from relatives (spouse, children, parents or siblings).

Instructions for Filling Out the School Ethics Act Disclosure Statements

Line A. Jane Smith contributed three articles as a freelance writer to Suburban Gourmet magazine during the previous calendar year. For each article she received a fee of \$90, for a total of \$270.

Line B. Jane Smith spoke at the annual meeting of a professional association in July of the previous calendar year. She received an honorarium of \$200 for her appearance. In addition, the same professional association paid her \$100 as a fee for an article that

appeared in its journal. Mrs. Smith received a total of \$300 in fees and honoraria from this group during the previous calendar year.

Line C. Michael J. Smith received reimbursement for meals and travel to the NSBA Annual Convention and NJSBA Workshop of the previous calendar year. The reimbursement from the local board of education exceeded \$250.

Mr. Smith needs additional space to report fees/honorariums, gifts/reimbursements and prepaid expenses. In accordance with instructions on the Financial Disclosure Statement, an additional piece of paper needs to be attached with the following information:

Name and Address of Source	Name of Recipient and Relationship
D. <i>The College of New Jersey Hillwood Lakes, Trenton</i>	<i>Jane Smith, Spouse</i>
E. <i>Trenton Gazette 100 E. State St., Trenton</i>	<i>Brian Smith, Son</i>
F. <i>Muriel C. Donahue 5 Chestnut St., Tuckahoe, NJ</i>	<i>Michael J./Jane Smith, Self/Spouse</i>

Line D. Mrs. Smith received reimbursement exceeding \$250 for meals and expenses from her employer, The College of New Jersey.

Line E. The Smith's son, Brian, won a \$300 scholarship for being Trenton Gazette Newspaper Carrier of the Year for the previous calendar year.

Line F. Mrs. Smith's godmother, Muriel C. Donahue, not a relative as defined in the act, gave the Smiths a silver tea service, the value of which exceeded \$250.

3. List the name and address of all business organizations in which you or a member of your immediate family held an interest during the preceding calendar year.

Name and Address of Business	Organization Name of Interest Holder and Relationship
A. <i>Savings Bank of Hamilton, F.S. B. 3 Quakerbridge Road, Trenton</i>	<i>Michael J. Smith, Self</i>

What must be reported? Names and addresses of business organizations which you or a member of your immediate family held an interest during the previous calendar year. The act defines "interest" as controlling more than 10 percent of the "profits, assets or stock" of the organization. What does not have to be reported? Control of assets in a labor union need not be reported as it is excluded from the definition of an "interest."

Line A. Michael J. Smith holds 12 percent of the stock in a local financial institution. According to the School Ethics Act, he holds an "interest" in the firm and must list it as a business organization.

SECTION II Certification

School officials must certify that the disclosure statements contain no willful misstatement or omission of natural fact and constitute a full disclosure of interests required to be submitted under the School Ethics Act. School officials must further certify that they are aware that failure to file or filing statements known to be false may lead to disciplinary action including removal. If the disclosure statements are not prepared by the school official, the signature and name of the preparer must be included.