

# **BUDGET BOOT CAMP**

## **PART II: BUDGET MANAGEMENT**



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# A QUICK REVIEW OF PART I

## Budget Calendar

- 12 month process

## Basic Terms

- PLAN, Appropriation, Encumbrance, Expenditure and Revenue

## 3-Step Process

- Step #1 = Estimate total revenue
- Step #2 = Estimate total appropriations
- Step #3 = Balance revenues and appropriations

## The Board's Role

- Understand district operations
- Understand the budget process
- Establish clear and realistic goals
- Receive periodic updates
- Offer meaningful and constructive comments and questions
- Review and approve preliminary and final budgets



# PART II : BUDGET MANAGEMENT

## Ongoing Oversight

- Daily purchasing review
- Monthly line item budget transfers
- Monthly list of bills
- Monthly S1701 reporting
- Monthly cash flow analysis
- Monthly discussions with budget managers

## Annual Reviews

- Annual audit



# ONGOING OVERSIGHT



# PURCHASING REVIEW

**New Jersey Public Purchasing Law (N.J.S.A. 18A:18A-1 et seq.)**

**Local Public School Contracts Law (N.J.A.C. 5:34-1 et seq.)**

- Purchase Orders
- Quotations
- Bids
- Requests for proposals and competitive contracting

**The business office performs a DAILY and DETAILED review of all purchasing requests**

**The business office prepares a Purchasing Manual for use by all budget managers and their staff**



# LINE ITEM TRANSFERS

**New Jersey Administrative Code (N.J.A.C. 6A:23A-2.11 & 13.3)**

Authorization to transfer and monthly reporting

**New Jersey Statutes (N.J.S.A. 18A:22-8.1)**

- **Fact #1: the budget is a PLAN**
- **Fact #2: plans change**



# LIST OF BILLS

## New Jersey Statutes (N.J.S.A. 18A:19-1 et seq.)

- Expenditure of Funds
- Audit and Payment of Claims



# LIST OF BILLS (CONT.)

## The Payment Cycle

Appropriation



Encumbrance



Expenditure



List of Bills



Board Agenda



Payment





# S1701 REPORTING

## New Jersey Public Law of 2004 (Chapter 73, July 1, 2004)

- Report of the Board Secretary
- Report of the Treasurer of School Monies
- Reconciliation of the Report of the Board Secretary and the Report of the Treasurer of School Monies



# CASH FLOW ANALYSIS

## Reasons to analyze cash flow:

- Liquidity = ability to transfer non-cash assets to cash
- Solvency = ability to pay bills as they become due
- Flexibility = ability to react to opportunity and adversity



# DISCUSSIONS

## Goals for discussions with budget managers:

- Determine status toward achieving original spending plan
- Discuss necessary revisions to original spending plan



# ANNUAL REVIEWS



# ANNUAL AUDIT

New Jersey Statutes (**N.J.S.A. 18A:23-1 et seq.**)

Generally Accepted Auditing Standards

Government Auditing Standards

U.S. Office of Management and Budget (**Circular A-133**)

- Performed by a licensed public school accountant
- Regulated by standard audit program
- Comprehensive Annual Financial Report (CAFR)



# THE BOARD'S ROLE

- Hire and rely on the finance experts:
  - Business office staff
  - Independent auditor
- Understand the various means used by central administration to manage the district budget
- Review and approve monthly financial reporting
- Review and approve the annual audit
- Remain informed on any budgetary issues through periodic updates from district administration



# QUESTIONS



**THANK YOU!**

