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 <u>DAILY</u> and <u>DETAILED</u> 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 <u>PLAN</u>
- Fact #2: plans change



LIST OF BILLS

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

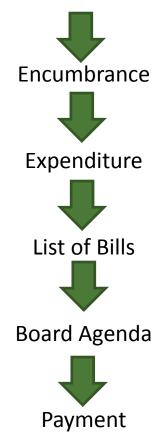
- Expenditure of Funds
- Audit and Payment of Claims



LIST OF BILLS (CONT.)

The Payment Cycle

Appropriation





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









