

Budget Training Camp

Part II: Budget Management



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A Quick Review of Part I

Budget Schedule

- 12 month process

Basic Terms

- PLAN, Appropriation, Encumbrance, Expenditure and Revenue

3-Play Drive

- 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!

