

The Public School Budget 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-Step 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

Budget Management

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

List of Bills (cont.)

Lacey Township Board of Education Bills And Claims Report By Vendor Name

[List of Bills](#)

va_bill5.102317
09/10/2021

Check Date is from 08/20/2021 to 09/16/2021

Vendor # / Name	PO #	Account# Description	Inv #	Check Type *	Check Description or Multi Remit To Check Name	Check # Check Amount
Pending Payments						
AAF INTERNATIONAL/ 435						
	22-000439	11-000-261-610-01-0000-/ REQ MAINT SUP-DIS		CP	INV# 91707534	1,662.54
		11-000-261-610-01-0000-/ REQ MAINT SUP-DIS		CF	INV# 91711000	2,279.93
					Total for AAF INTERNATIONAL/ 435	\$3,942.47
ACCOO, WARREN A./ 954698						
	22-000738	20-475-100-390-02-0008-/ HS ATHLETICS		CF	8/31/21 VOLLEYBALL	125.00
ACE OUTDOOR POWER EQUIPMENT/ 3550						
	22-000333	11-000-261-610-01-0000-/ REQ MAINT SUP-DIS		CP	INV# 254460	158.18
ADAMS, GREGORY/ 954417						
	22-000805	20-475-100-390-02-0008-/ HS ATHLETICS		CF	9/2/21 FIELD HOCKEY	83.00
ADVENTURES IN NEW DESIGN INC/ 211755						
	22-000559	11-000-291-290-01-2508-/ EMPL BEN-CLOTH ALLOW		CF	INV# 7051	1,449.00
AFLSONLINE/ 954785						
	22-000628	20-250-100-610-11-2122-/ IDEA BASIC INSTR.SUPPLIE		CF	INV# 3430	2,140.21
AGPARTS EDUCATION/ 953860						
	22-000390	11-190-100-610-09-2401-/ INSTR SUPPLIES-DP		CF	INV# 1579970	1,556.35
ALLEN, SHANE/ 950730						
	22-000475	11-000-291-290-01-2508-/ EMPL BEN-CLOTH ALLOW		CF	FOOTBALL -CLOTH ALLOW	150.00
ALLIANCE COMMERCIAL PEST CONTROL, INC./ 953423						
	22-000010	11-000-261-420-01-0000-/ REQ MAINT REP-DIS		CP	INV# 480905 - SEPT	80.00
	22-000009	11-000-261-420-01-0000-/ REQ MAINT REP-DIS		CP	INV# 480582 - SEPT	384.00
					Total for ALLIANCE COMMERCIAL PEST CONTROL, INC./ 953423	\$464.00
ALLIED BOILER REPAIR CORP./ 8770						
	22-000437	11-000-261-420-01-0000-/ REQ MAINT REP-DIS		CF	INV# 18288	924.87
ALLRISK, INC./ 953646						
	21-003415	11-000-261-420-01-0000-/ REQ MAINT REP-DIS		CF	INV# SI-17196	41,687.58
ALPHA SCHOOL/ 9450						
	22-000701	20-250-100-566-11-2122-/ IDEA BASIC TUITION		CP	INV# 0306	-16,185.60
		20-250-100-566-11-2122-/ IDEA BASIC TUITION		CF	INV# 9614	83,163.60

* CF - Computer Full CP - Computer Partial HF - Hand Check Full HP - Hand Check Partial

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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

S1701 Reporting (cont.)

9/10 3:19pm

REPORT OF THE SECRETARY
TO THE BOARD OF EDUCATION
Lacey Township Board of Education
General Fund - Fund 10
Interim Balance Sheet
For 2 Month Period Ending 08/31/2021

ASSETS AND RESOURCES

--- A S S E T S ---

101	Cash in bank		\$7,557,809.09
102-107	Cash and cash equivalents		\$1,250.00
116	Capital reserve Account		\$6,699,555.00
117	Maint. Reserve Account		\$1,051,773.00
121	Tax levy receivable		\$42,471,697.00
	Accounts receivable:		
132	Interfund	\$107,232.28	
141	Intergovernmental - State	\$18,282,739.68	
143	Intergovernmental - Other	\$22,223.56	
153,154	Other (net of est uncollectible of \$ _____)	\$100,226.60	\$18,512,422.12
	Other Current Assets		\$20,491.76

--- R E S O U R C E S ---

301	Estimated Revenues	\$69,751,556.00	
302	Less Revenues	(\$68,791,461.20)	
			\$960,094.80

Total assets and resources

\$77,275,092.77

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)

Standard & Poors

- Global entity which periodically evaluates and rates financial position and outstanding debt. Last review here was 2016.
- June 2021 Report:
 - Debt rating was upgraded from A to A+
 - S&P Comments:
 - *“... the district continues to work on ensuring fiscal stability and maintaining balanced budgets, benefitting from more conservative budgeting practices and stronger expenditure oversight.”*
 - *“Highlights include the use of zero-base budgeting practices to craft the budget coupled with monthly monitoring and reporting of budget to actuals.”*
 - *“Since 2016, the district has seen improved financial operations, closing each year with healthy surpluses and increasing reserves to strong levels.”*

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

Thank you!