

School Finance 102

EXPECTATIONS & BEST PRACTICES

OCCS Regional
Board Training



Agenda

Today's Goal

- To inform community school board members of financial expectations and standards of Ohio, OCCS and national charter school organizations.

Today's Agenda:

- Financial Statement Formats
- Fiscal Officer Relationship
- OCCS Monthly Monitoring
- ODE Forecasts
- ODE Budget
- Audits
- Contract Financial Goals
- Reauthorization



Financial Statement Formats

- There is no “Correct Format”. What is usable and understandable to you.
- What financial data do you need to make an informed decision for your school?
 - Keep it Simple - Institute a 10 Minute Rule
 - Finance Committee
 - Review Financials in detail and report a Summary to Full Board
 - Work with your School Treasurer
- Best Practices
 - **Monitoring & Projecting Cash Flows**
 - Operations
 - Future Liabilities
 - Debt Service (if applicable)
 - Monitoring Budget



Fiscal Officer - Relationship

- Independent Fiscal Officer – HB 2 Change
- Requires fiscal officers to be employed by or engaged under a contract *with the governing authority* of the school
- Intent – Keep Fiscal Officers acting in the best interest of the school/governing authority
- Requirement can be Waived with Board Resolution but **MUST** also be Approved by Sponsor
 - **OCCS Waiver Requirements**
 - Treasurer has License, background checks and bond
 - Treasurer has never had a school deemed unauditale
 - The school's prior year audit does not have Finding fore Recovery or Questioned Costs
 - **Debt to Mgmt Co is not greater than Total Assets**



OCCS Monthly Monitoring

- Enrollment

- FTE and School Reported Headcounts
- Fluctuations (decreases)
 - 10%, Notes
 - 15%, Formal Discussions
 - 20%, Corrective Action

- Budget vs. Actual

- Comparison
- Expenses Out of Line With:
 - Time of Year
 - Revenues



- CASH

- 30-60 days on hand or *Where are you going to get it?*



Forecasts

- What will this information be used for?
- October and May
 - START EARLY (2-3 months)
 - Time to understand, plan and make corrections
- ORC 5705.391 & OAC 3301-92-04
 - If there is a deficit projected in one of the first three years forecasted there should be a PLAN in place to eliminate deficits.
- Cash Basis – should not end in negative cash balance, there is a line for Debt Proceeds, Credits, etc.
- REASONABLE Assumptions



ODE Budgets – 3314.032 NEW

- What will this information be used for?
- Due October 31st each fiscal year
 - START EARLY (2-3 months)
 - Time to understand, plan and make corrections
- USAS format
- >20% Mgmt Co. must report in greater detail than “Purchased Services”
- Need to submit RESOLUTION of approval
- REASONABLE Assumptions
- Budget Per Pupil



Audits

- Expectation - Clean Audits
 - The financial data is often dated, however it is (relatively) Consistent.
 - Opinions
 - Unmodified - GOOD
 - Qualified (Qualifications) - BAD
 - Financial Statement Opinion, Federal Program Opinion
 - Emphases of Matter
 - Going Concerns
 - GASB 68 Effects
 - Findings
 - Material Weaknesses, Material Misstatements, Significant Deficiencies
 - Findings for Recovery, Questioned Costs
 - $\geq \$5,000$



Contract Financial Goals

- Does your school have Financial Goals?
 - Check your Attachment 5 – Performance and Accountability Plan
 - Make sure that your School Treasurer is Aware of these Goals
- Goal Template (attachment)
- Consequences
 - Considered OUT OF COMPLIANCE WITH CHARTER CONTRACT
 - Corrective Action Plans
 - Self-Initiated
 - OCCS Letter of Concern
 - OCCS Probation
 - OCCS Intent to Suspend



Reauthorization

- Financial Data Dashboard
 - Meeting Financial Standards each year of the school's Contract.
 - Annual Audit Standards
 - GASB 68 Effects not considered
 - Assets to Liabilities (Current and Multi-Year)
 - Cash on Hand
 - Total Margin and Three-Year Aggregated Total Margin
 - FTE Variance v. Budget (FTE Trends)
- Consequences of Not Meeting Standards
 - Renewed or Non-renewed
 - Trending Up or Down?
 - Reasonable Exceptions
 - Non-Renewed, Closure



Questions?

Adrienne Shreve

(419) 720-5202

adrienne@ohioschools.org

