

SAGINAW VALLEY STATE UNIVERSITY

School Board Member Update
School Finance

by
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November 21, 2014



SCHOOL FINANCE

■ Budgeting

- Most important aspect to controlling costs
 - Basic Considerations
 - Budget formulation

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Importance of Budgeting

- **Aid to management**
 - Guide to where you need to go
- **Responsibility for budgeting**
 - Establish sound fiscal policy
 - Board is responsible to set the budget limits
 - Administration is responsible to carry out and not exceed
- **Legislation concerning budgeting**

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■ Development

➤ Forecasting the future – Revenue

- Student enrollment
- State foundation grant
- State categorical grants
- Federal Grants
- Local sources

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■ Development

➤ Forecasting the future – Expenditures

➤ Staff needed

Salaries

Fringes

➤ Contracted services

Leases

Management agreement

Other contracted services

➤ Supplies and materials

➤ Equipment

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■ Legal requirements

- **Must adopt a budget covering the**
 - General fund
 - Special revenue fund
 - Debt fund, if you have a long term debt obligation
- **Budgets must be consistent with Nationally Accepted Accounting Principals and the Uniform Budgeting Act of Michigan**

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■ Legal requirements

- Budgets must conform to the State Uniform Budgeting and Accounting Act

➤ Revenues

- 100 Local
- 300 State
- 400 Federal
- 500 Incoming Transfers

STATE OF MICHIGAN
2014-2015 State Aid Financial Status Report
Payment Dated: 11/20/2014

District: 82748 ISD: 82

FY 2015 Foundation	7,218.00
FY 1995 Foundation	5,500.00

State Aid Membership	260.09
General ED K-12	259.49
Supplemental	248.40
Fall	260.72
Special ED K-12 Sec 52	0.60
Supplemental	0.60
Fall	0.60
Special ED K-12 Sec 53	0.00
Supplemental	0.00
Fall	0.00

Local Revenue Per GE	0.00	Special Ed. Costs	100,685.00
Local Revenue Per Membership	0.00	Special Ed. Transp. Costs	0.00

CURRENT YEAR ALLOWANCES		Amount	Pct to Date	Previous Amts	Current Amt
51c	SPEC ED HEADLEE OBLIGATION	28,809.80	18.18 %	2,618.81	2,618.81
22b	DISCRETIONARY PAYMENT	442,503.82	18.18 %	40,223.60	40,223.59
11(3)	PSA PROTECTED	1,430,495.00	18.18 %	130,032.00	130,031.99
31A	AT RISK	124,922.55	18.18 %	11,347.04	11,363.88
22c	FOUNDATION EQUITY PAYMENT	8,582.97	18.18 %	780.19	780.19
152a	HEADLEE OBLIGATION FOR DATA COLLEC	6,435.76	18.18 %	583.69	586.33
		<u>\$2,041,749.90</u>		<u>\$185,585.33</u>	<u>\$185,604.79</u>

Amount Applied to Loan Payments

MFA - 2014 PSA SAN C-1	23,103.19
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OTHER CURRENT YEAR CALCULATION INFORMATION

20	FOUNDATION GRANT (State PP: \$7,218.00)	1,872,998.82
51a.2	SPECIAL ED FOUNDATION (SEC 52)	4,330.80
51a	SPECIAL EDUCATION (Categorical Amount)	24,479.00
		<u>\$1,901,808.62</u>

SUMMARY OF REGULAR PAYMENTS

10/20/2014	\$185,585.33	11/20/2014	\$185,604.79
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■ Legal requirements

➤ Expenditures

- 110 Basic programs
- 120 Added needs
- 210 Pupil services
- 220 Instructional services
- 230 Board of Education/general administration
- 240 School administration
- 250 Business services
- 260 Operations & Maintenance
- 270 Transportation
- 280 Central services
- 310 Community services
- 400-600 Other financing uses

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Budget Document

High Performance Academy

GENERAL AND SPECIAL SERVICES FUND

2014 - 2015

JULY 1, 2014 TO JUNE 30, 2015

GENERAL APPROPRIATION RESOLUTION

Document to be handed out to Board Members

SCHOOL FINANCE

■ Adopting

➤ Know what is in your budget

- Ask for the details
- State School Aid Act prohibits adoption of a deficit budget
- Adoption must take place before July 1 each year
- Budget must be presented at a public hearing before adoption
- Notice of public hearing must be posted six days before the hearing
- Adoption and amendments to the budget must be made prior to expenditures being incurred

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■ Implementing

- Chief administrative officer has the responsibility to implement the budget plan
- Only the board has the right to alter the budget
- Budgetary control is a joint responsibility between the CAO and the board

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■ Monitoring

- Monthly financial reports
- Quarterly cash flow updates
- Quarterly budget updates
- Annual audit

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- **Know how to read your financial reports**
 - **General Fund**
 - **School Service Fund**
 - **Student Activity Fund**
 - **Cash Flow Forecast**

REQUIRED FINANCIAL REPORT

(Academy Name)						
Cash Forecast Statement						
General Fund						
Fiscal Year: 2014-15						
	Jul	Aug	Sept	Oct	Actual through: Nov	9/30/2014 Dec
Beginning Balance (including investments)	\$ 1,212,564.00	\$ 1,189,436.00	\$ 1,411,659.00	\$1,087,074.00	\$ 967,631.00	\$ 937,621.00
Estimated Receipts:						
Collection of State Aid	\$ 261,689.00	\$ 263,355.00		\$ 262,660.00	\$ 262,660.00	\$ 270,648.00
Collection of Other Grants	\$ 53,026.00	\$ 54,123.00	\$ -	\$ -	\$ -	\$ 192,411.00
Proceeds from Loans and Interest		\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue and Receipts	\$ 16,681.00	\$ 106,059.00	\$ -	\$ 29,043.00	\$ 29,042.00	\$ 29,042.00
TOTAL AVAILABLE FUNDS:	\$ 1,543,960.00	\$ 1,612,973.00	\$ 1,411,659.00	\$1,378,777.00	\$1,259,333.00	\$ 1,429,722.00
Less Estimated Disbursements:						
Salaries and Benefits	\$ 153,056.00	\$ 123,238.00	\$ 211,319.00	\$ 270,753.00	\$ 196,319.00	\$ 211,319.00
Services, Supplies, and Materials	\$ 173,989.00	\$ 50,597.00	\$ 113,266.00	\$ 113,266.00	\$ 98,266.00	\$ 98,266.00
Repayment of Debt	\$ 27,479.00	\$ 27,479.00		\$ 27,127.00	\$ 27,127.00	\$ 27,127.00
Other Disbursements						
TOTAL DISBURSEMENTS:	\$ 354,524.00	\$ 201,314.00	\$ 324,585.00	\$ 411,146.00	\$ 321,712.00	\$ 336,712.00
ESTIMATED ENDING BALANCE:	\$ 1,189,436.00	\$ 1,411,659.00	\$ 1,087,074.00	\$ 967,631.00	\$ 937,621.00	\$ 1,093,010.00
	Jan	Feb	Mar	Apr	May	Jun
Beginning Balance (including investments)	\$ 1,093,010.00	\$ 1,119,092.00	\$ 1,145,174.00	\$1,171,256.00	\$1,197,338.00	\$ 1,223,420.00
Estimated Receipts:						
Collection of State Aid	\$ 270,648.00	\$ 270,648.00	\$ 270,648.00	\$ 270,648.00	\$ 270,648.00	\$ 270,648.00
Collection of Other Grants	\$ 48,103.00	\$ 48,103.00	\$ 48,103.00	\$ 48,103.00	\$ 48,103.00	\$ 48,103.00
Proceeds from Loans and Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue and Receipts	\$ 29,043.00	\$ 29,043.00	\$ 29,043.00	\$ 29,043.00	\$ 29,043.00	\$ 29,043.00
TOTAL AVAILABLE FUNDS:	\$ 1,440,804.00	\$ 1,466,886.00	\$ 1,492,968.00	\$1,519,050.00	\$1,545,132.00	\$ 1,571,214.00
Less Estimated Disbursements:						
Salaries and Benefits	\$ 196,319.00	\$ 196,319.00	\$ 196,319.00	\$ 196,319.00	\$ 196,319.00	\$ 196,319.00
Services, Supplies, and Materials	\$ 98,266.00	\$ 98,266.00	\$ 98,266.00	\$ 98,266.00	\$ 98,266.00	\$ 98,266.00
Repayment of Debt	\$ 27,127.00	\$ 27,127.00	\$ 27,127.00	\$ 27,127.00	\$ 27,127.00	\$ 27,127.00
Other Disbursements						
TOTAL DISBURSEMENTS:	\$ 321,712.00	\$ 321,712.00	\$ 321,712.00	\$ 321,712.00	\$ 321,712.00	\$ 321,712.00
ESTIMATED ENDING BALANCE:	\$ 1,119,092.00	\$ 1,145,174.00	\$ 1,171,256.00	\$1,197,338.00	\$1,223,420.00	\$ 1,249,502.00

REQUIRED FINANCIAL REPORT

(YOUR Academy)					
General Fund					
Statement of Receipts and Disbursements					
Item	For Month Ending: October 31, 2014				
	Budget	Current Month	Previous Month YTD	YTD	% Budget YTD
REVENUE:					
100 Local	\$ 8,000.00	\$ 500.00	\$ 100.00	\$ 600.00	7.50%
300 State	\$ 3,249,786.00	\$ 262,660.00	\$ -	\$ 262,660.00	8.08%
400 Federal	\$ 482,720.00	\$ 29,043.00	\$ 30,200.00	\$ 59,243.00	12.27%
500 Incoming Transfers & Other Transactions	\$ 9,929.00			\$ -	
TOTAL REVENUE:	\$ 3,750,435.00	\$ 292,203.00	\$ 30,300.00	\$ 322,503.00	8.60%
EXPENDITURES:					
100 Instruction					
110 Basic Programs	\$ 1,264,684.00	\$ 126,468.00	\$ 139,703.00	\$ 266,171.00	21.05%
120 Added Needs	\$ 480,402.00	\$ 48,402.00	\$ 61,698.00	\$ 110,100.00	22.92%
200 Support Services					
210 Pupil	\$ 193,194.00	\$ 19,194.00	\$ 26,104.00	\$ 45,298.00	23.45%
220 Instructional Staff	\$ 208,022.00	\$ 20,822.00	\$ 28,183.00	\$ 49,005.00	23.56%
230 General Administration	\$ 226,798.00	\$ 22,708.00	\$ 33,991.00	\$ 56,699.00	25.00%
240 School Administration	\$ 308,371.00	\$ 30,371.00	\$ 47,092.00	\$ 77,463.00	25.12%
250 Business	\$ 80,579.00	\$ 6,715.00	\$ 13,430.00	\$ 20,145.00	25.00%
260 Operations and Maintenance	\$ 308,804.00	\$ 25,735.00	\$ 77,201.00	\$ 102,936.00	33.33%
270 Transportation	\$ 258,816.00	\$ 28,259.00	\$ 54,958.00	\$ 83,217.00	32.15%
280 Central	\$ 80,300.00	\$ 24,446.00	\$ 13,384.00	\$ 37,830.00	47.11%
290 Other	\$ 12,491.00	\$ 2,998.00	\$ 1,257.00	\$ 4,255.00	34.06%
300 Community Services	\$ 7,250.00	\$ -	\$ 7,250.00	\$ 7,250.00	100.00%
400 Facility Acquisition	\$ 15,675.00	\$ -		\$ -	
500 Outgoing Transfers and Other Transactions	\$ 299,231.00	\$ 30,899.00	\$ 80,899.00	\$ 111,798.00	37.36%
TOTAL EXPENDITURES:	\$ 3,744,617.00	\$ 387,017.00	\$ 585,150.00	\$ 972,167.00	25.96%
EXCESS REVENUE OR (EXPENDITURES)	\$ 5,818.00	\$ (94,814.00)	\$ (554,850.00)	\$ (649,664.00)	-11166.45%
FUND BALANCE (Beginning of Month)	\$ 1,516,814.00				
FUND BALANCE (End of Month)	\$ 1,522,632.00	#VALUE!			

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- **Oversight of different funds**
 - **Student Activity funds**
 - **PTA funds**
 - **Federal and local grant funds**

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■ Acting

- The Board is the trustee of the public's money
- Developing strong fiscal policies
- Red Flags that should create a concern
 - No monthly financial report
 - Spending exceeds line item budgets greater than 10%
 - No segregation of duties – receipts and spending
 - Revenues slow to come in
 - Spending in areas with no budget allocation

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■ Minimize risk

- Know where board funds and school funds are deposited – periodically review bank statements
- Board treasurer should review at least once a quarter all documents that resulted in a check being processed against board funds
- Avoid, or severely limit the use of credit cards

SCHOOL FINANCE

■ Prohibited Expenditures

- Purchases made for personal use
- Refreshments for employees during regular working hours
- Contributions to charitable and non profit organizations
- Presents to officials and employees
- Flowers for sick or departed

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■ Penalties for Violating the Uniform Budgeting and Accounting Act

➤ Spending without proper authority or sufficient budget, or diverting funds for purposes inconsistent with the School Code

➤ Violation of the UBAA may result in civil action

➤ Misdemeanor

Up to 90 days in jail

Up to \$1,500 in fines

Extreme cases could result in prosecution for a felony—embezzlement

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**You win or lose the curriculum by how
well you budget**

AND

How well you monitor the expenses