

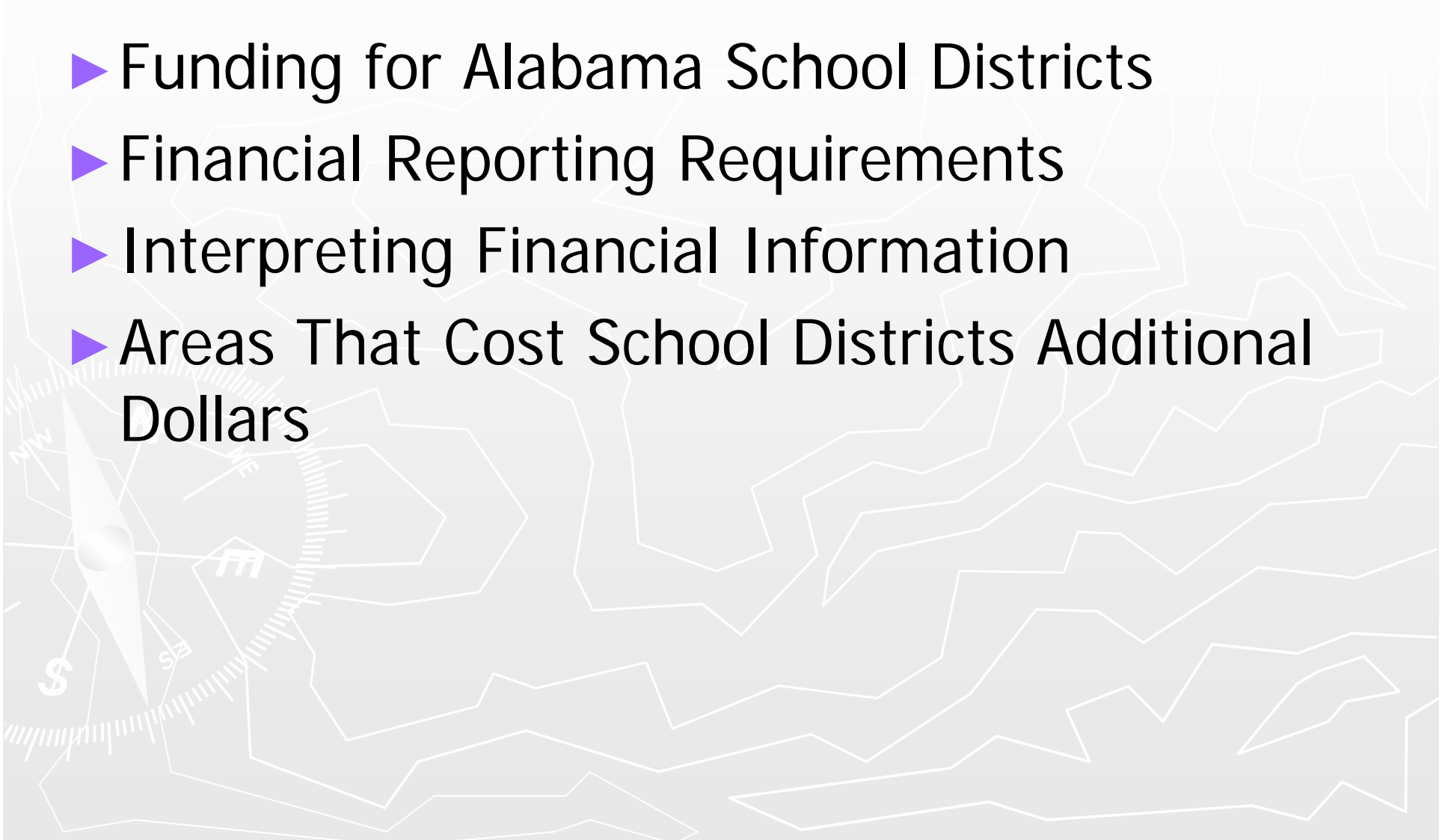
A Financial Primer

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CSFO –Mountain Brook
Schools
March, 2010



Significant areas that you need to understand!

- ▶ Funding for Alabama School Districts
- ▶ Financial Reporting Requirements
- ▶ Interpreting Financial Information
- ▶ Areas That Cost School Districts Additional Dollars

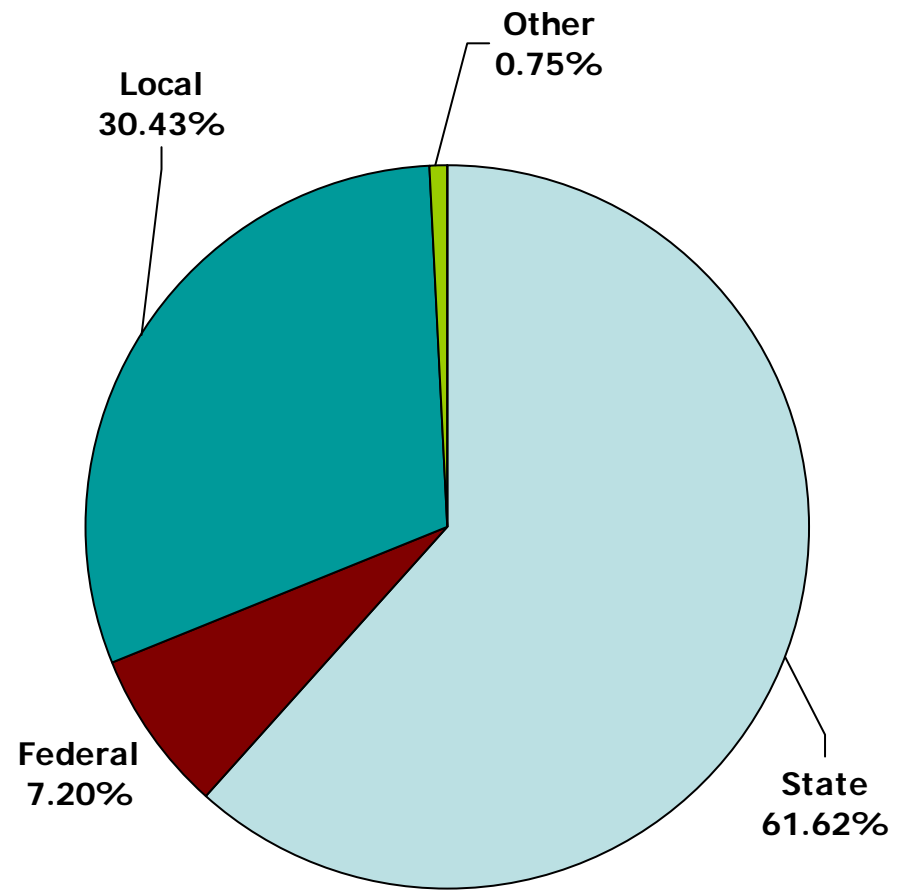


Funding Sources For School Districts

- Revenue

– State	\$68,827,742
– Federal	8,038,225
– Local	33,995,467
– Other	837,800

Total \$111,699,234



Alabama Public Schools

<u>Local School Systems</u>	<u>County</u>	<u>City</u>
	67	65
Public Schools (Total).....		1528*
Breakdown:		
Elementary		927
Middle		193
Junior High		394
Senior High		469
Area Vocational Centers		75

*NOTE: A school with multiple grade levels may be represented in more than one category. For example, a school with grades K-12 contains elementary, junior high, and high school levels and would be counted in each school category. Therefore, the breakdown totals of school categories are greater than the total number of public schools within Alabama.

Alabama Public Schools

<u>Size</u>	<u>#Systems</u>	<u>Enrollment</u>
More than 50,000 students	1	64,855
25,000 – 49,999	3	104,280
10,000 – 24,999	8	136,267
5,000 – 9,999	26	193,144
1,000 – 4,999	90	233,209
Fewer than 1,000	4	2,812
Total.....	734,567	

What Is The Foundation Program

- ▶ Funding program to insure educational opportunity in each school district
 - Every student in Alabama has an adequate educational opportunity
 - Requires a level of local tax support for each school district
 - State funds are distributed in an equitable manner (ability to pay)

What is the Foundation Program--

- ▶ The Foundation Program is the state funding mechanism for K-12 school districts in Alabama.
- ▶ The program provides a funding formula for the allocation of funds for—
 - ◆ Teacher Units
 - ◆ Instructional Support Units (principals, assistant principals, counselors, librarians)
 - ◆ Support Personnel (aides, custodians, etc.)
 - ◆ CIS Funds-Textbooks, instructional supplies, professional development, technology
- ▶ Additionally, all school districts are required to contribute local effort equivalent to the **value of 10 mills of local district property tax** for its share of the cost of the Foundation Program.

How Does The Foundation Program Work ?

- ▶ Foundation dollars are earned based on the average enrollment for the 20 days after Labor Day for the previous school year
- ▶ Teacher units are earned by school by grade using funding divisors
 - K-3 13.8 7-8 20.1
 - 4-6 21.4 9-12 18
- ▶ A state salary matrix is used to calculate the dollar allocation for earned teacher and certified support units

How Does The Foundation Program Work ?

- ▶ Additional funds are earned for non-certified support units (OCE)
- ▶ Allocation also includes funds for classroom instructional supplies (CIS)
- ▶ The total allocation is reduced by the value of 10 mills of local district property tax

FY 2010 Unit Allocation

School	ADM	Teacher Units	Adm. Units	Counselor Units	Library Units
ABC Elementary	743.00	48.46	1.5	1	1.5
XYZ Middle	955.85	53.11	2.5	2	1.5
EFG High	1810.70	100.61	3.5	3	2.50

LEA Allocation Foundation Program

	FY 2010	
Total ADM	743,264.95	
Foundation Program Units		
Teachers	41,945.59	
Principals	1361.00	
Assistant Principals	723.50	
Counselors	1472.50	
Librarians	173200	
Vocational Ed. Directors	77.79	
Vocational Ed. Counselors	50.00	
Total Units	47,362.38	

2010 Foundation Program

Total State ADM	743,264.95
Salaries	\$2,212,769,945
Fringe Benefits	926,265,804
Other Current Expenses (\$11,223/Unit)	531,538,451
State Fiscal Stabilization Fund (4,295/unit)	\$191,429,047
Classroom Instructional Support	
Teacher Materials/Sup. (\$400/Unit)	18,994,952
Technology (\$0/Unit)	0
Library Enhancement (\$0/Unit)	0
Prof. Development (\$0/Unit)	0
Common Purchases (\$0/Unit)	0
Textbooks (\$17.17/ADM)	12,761,857
Total Foundation Program	\$3,893,710,056
Local Funds	
Foundation Program (10 Mills)	\$504,379,320
Total State Foundation Program	\$3,506,538,095

2010 Foundation Program

Foundation Program-ETF	\$3,389,330,736
School Nurses Program	28,710,742
High Hopes	2,501,520
Salaries -1% per Act 97-238	22,127,702
Technology Coordinator	4,004,369
Transportation	
Operating Allocation	258,279,306
Fleet Renewal (\$5,024/bus)	34,921,824
Current Units	6,000,000
Capital Purchase	175,000,000
At Risk	24,129,145
Preschool Program	1,759,186

How The Foundation Program Works

System	Homewood City	Pickens County
System ADM	3,242	3,239
Teachers	186.11	184.66
Certified Support	22.25	30.25
Total Units	208.36	214.91

How The Foundation Program Works

Foundation Program	Homewood City	Pickens County
Salaries	\$ 8,377,379	\$ 8,827,561
Fringe Benefits	\$ 3,057,034	\$ 3,182,926
OCE	\$ 2,881,890	\$ 2,972,485
CIS Funds	\$ 447,220	\$ 454,173
Total Foundation	\$ 14,763,523	\$ 15,437,145
Per Pupil	\$4554	\$4766
Local Funds- 10 Mills	\$ 4,419,870	\$ 1,203,630
Net State Funds	\$ 10,343,653	\$ 14,233,515
Per Pupil	\$3192	\$4394

Federal Revenue Sources

- ▶ Federal dollars are restricted in use
 - Used to supplement not supplant
- ▶ Major Programs
 - Title I
 - IDEA B- Special Ed
 - National Lunch Program

Local Revenue Sources

- ▶ Property Taxes

- County-Wide
- District

- ▶ Sales Tax

- County-Wide
- District

- ▶ City/County Appropriation



Local Revenue Sources

- ▶ Local revenue is used to supplement the Foundation Program funding
 - Additional teaching units
 - Enhance curriculum programs
 - Capital improvements
 - Operations/Maintenance
 - Administrative Cost

Financial Reporting Requirements for School Districts



Budgets

- ▶ Approved by Board after two public hearings
- ▶ Submitted to State Superintendent of Education by August 15th
- ▶ All budget amendments approved by Board of Education

**MOUNTAIN BROOK BOARD OF EDUCATION
GENERAL FUND FY 2010-2012
PROJECTIONS**

ASSUMPTIONS

REVENUES

1. 7.5% decrease in state revenues for FY 10, a 9% decrease in FY 11, a 2% increase in FY 12.
2. 6. % decrease in local tax revenues FY 10, a 2% decrease in FY 11, a 2% increase in FY 12.

EXPENDITURES

1. Expenditures for salaries and benefits reduced in the amount of \$1,979,184 due to ARRA funding in FY 10 and \$1,036,354 in FY 11.
2. Salary step increases included for each year.
3. 3% increase in non-personnel expenses for each year.
4. Annual technology replacement costs included for FY 10 – FY 12.
5. Hospital and medical insurance \$752 month for FY 10 – FY 11.
6. Hospital and medical insurance increase of 9.5% annually per employee FY 12,
7. Teacher Retirement rate at 12.51% for FY 2010.
8. Teacher Retirement rates of 12.51% in FY 11, 13.45% in FY 12
9. Facility Maintenance/Replacement Fund of \$850,000.00 per year to properly maintain facilities over time.
- 10.Desired fund balance equal to three months' operating expenses (25% of total expenditures excluding transfer to Facility Maintenance/Replacement Fund).

Cautionary Notes:

1. No teacher units for growth in student enrollment are included beyond FY '10.
2. Actual costs for salaries, health insurance, and retirement are beyond the control of the local board and may vary from the estimates used in these projections.

Line Item	Reason for Change	Change + or -	Budgeted Amount	Amended Amount
Revenues				
State Funds	State Increase in final allocation	\$124,051.00	\$20,196,461.00	\$20,320,512.00
<hr/>				
Total		\$124,051.00	\$20,196,461.00	\$20,320,512.00
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Expenditures				
Salaries and Benefits	Cost of additional Special Ed aides 2 positions @BWF 1 position @MBHS	\$92,618.00	\$1,518,266.00	\$1,610,884.00
	Alternative School Teacher (reduction in Federal funds)	\$13,015.00	\$65,316.00	\$78,331.00
Part-time Coaches		\$11,491.00	\$37,000.00	\$48,491.00
		\$117,124.00	\$1,620,582.00	\$1,737,706.00
Net change in revenues over expenditures		\$6,927.00		
Budgeted Excess of Revenues over Expenditures		\$301,845.00		
Net change due to budget amendment		\$6,927.00		
Amended Excess of Revenues over Expenditures		<u>\$308,772.00</u>		

Annual Financial Statements

- ▶ Submitted to State Department of Education by November 1st
- ▶ Published in local newspaper during month of October



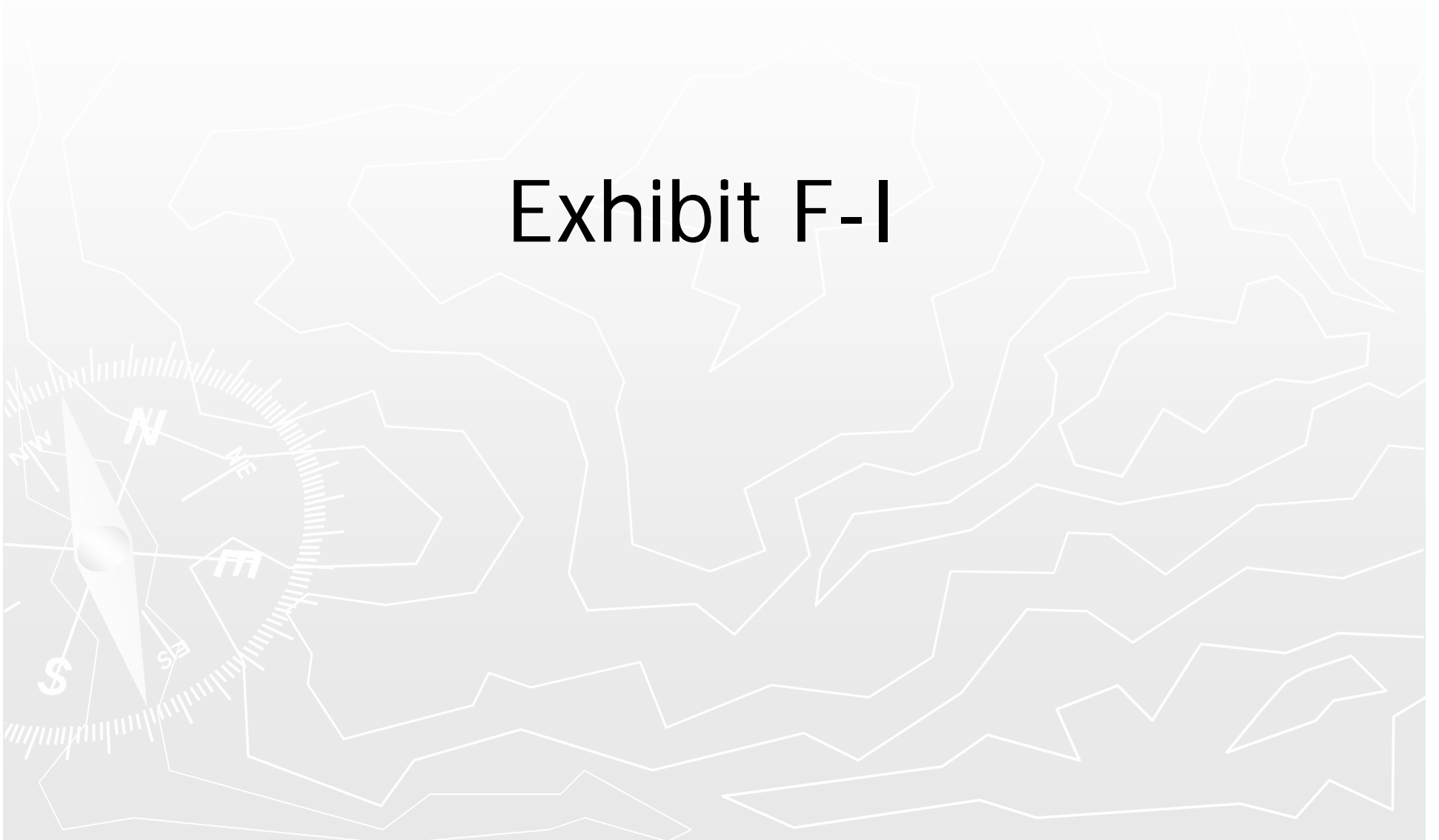
Annual Audit – June 30th

- ▶ County systems – Examiners of Public Accounts
- ▶ City systems – CPA firm
- ▶ Financial
- ▶ Legal Compliance
- ▶ Federal Financial Assistance

Monthly Financial Reports

- ▶ Board members MUST demand regular, timely, financial reports that provide information to help them make informed decisions
 - Monthly balance sheet
 - Monthly operating statement
 - Budget to actual comparisons
 - Current year compared to prior year
 - Monthly check register
 - Cash receipts report
 - Payroll register
- ▶ Ask for what you need

Exhibit F-1



Mountain Brook City BOE
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JANUARY 31, 2008

FUND TYPES & ACCOUNT GROUPS DESCRIPTION	GOVERNMENTAL			CAPITAL PROJECTS	PROPRIETARY ENTERPRISE INTERNAL	FIDUCIARY TRUST & AGENCY	EXHIBIT F-1-A
	GENERAL	SPECIAL REVENUE	DEBT SERVICE				ACCT GROUPS F/A & L/T DEBT
ASSETS & OTHER DEBITS:							
CASH & CASH EQUIVALENTS	27,903,279.46	1,966,610.64	2,330.68	16,631,261.25	0.00	1,058,398.53	0.00
INVESTMENTS	0.00	70,506.91	0.00	0.00	0.00	179,499.11	0.00
RECEIVABLES							
ALLOWANCE FOR DOUBTFUL ACCTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTERFUND RECEIVABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER RECEIVABLES	50,780.11	143,427.14	0.00	0.00	0.00	232.08	0.00
INVENTORIES	0.00	27,627.16	0.00	0.00	0.00	0.00	0.00
OTHER ASSETS	2,455.36	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	58,470,767.00
ACCUMULATED DEPRECIATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEBITS							
AMT AVAILABLE IN DEBT SVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AMT PROV FOR PMT OF L-T DEBT	0.00	0.00	0.00	0.00	0.00	0.00	17,410,000.00
OTHER DEBITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS & OTHER DEBITS	27,956,514.93	2,208,171.85	2,330.68	16,631,261.25	0.00	1,238,129.72	75,880,767.00
LIABILITIES & FUND EQUITY:							
LIABILITIES:							
SALARIES & BENEFITS PAYABLE	0.00	59,786.79	0.00	0.00	0.00	0.00	0.00
PAYROLL WH & DED PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CLAIMS PAYABLE	147.80	40,506.95	0.00	0.00	0.00	232.08	0.00
OTHER PAYABLES							
INTERFUND PAYABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER PAYABLES	(19,106.27)	11,204.05	0.00	0.00	0.00	20,461.25	0.00
OTHER LIABILITIES	0.00	35,827.00	0.00	0.00	0.00	0.00	0.00
LONG-TERM LIABILITIES	0.00	0.00	0.00	0.00	0.00	0.00	17,410,000.00
TOTAL LIABILITIES	(18,958.47)	147,324.79	0.00	0.00	0.00	20,693.33	17,410,000.00
FUND EQUITY:							
INVESTMENT IN FIXED ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	58,470,767.00
RETAINED EARNINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTED CAPITAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RESERVED FUND BALANCE	735,306.90	360,970.74	0.00	457,716.25	0.00	223,011.43	0.00
UNRESERVED FUND BALANCE	27,240,166.50	1,699,876.32	2,330.68	16,173,545.00	0.00	994,424.96	0.00
TOTAL FUND EQUITY	27,975,473.40	2,060,847.06	2,330.68	16,631,261.25	0.00	1,217,436.39	58,470,767.00
TOTAL LIABILITIES & FUND EQUITY	27,956,514.93	2,208,171.85	2,330.68	16,631,261.25	0.00	1,238,129.72	75,880,767.00

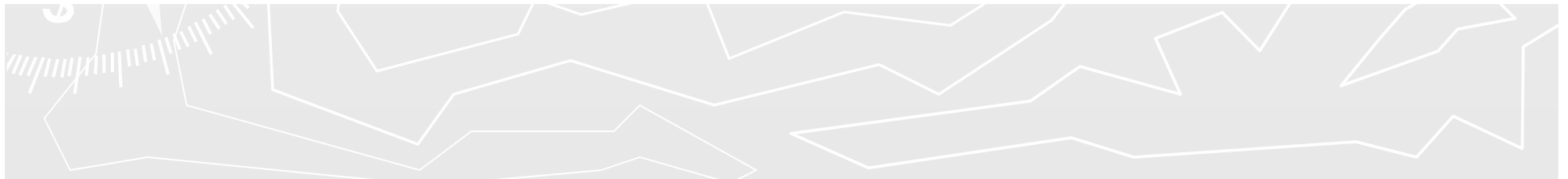
Exhibit F-II



Mountain Brook City BOE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JANUARY 31, 2008

EXHIBIT F-II-A

FUND TYPES DESCRIPTION	GOVERNMENTAL				FIDUCIARY	TOTAL (Memo Only)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	
REVENUES						
STATE REVENUES	6,968,126.00	23,104.00	0.00	4,440.00	0.00	6,995,670.00
FEDERAL REVENUES	0.00	0.00	0.00	0.00	0.00	0.00
LOCAL REVENUES	25,020,593.01	1,473,472.39	426,772.39	256,258.06	370,765.17	27,547,861.02
OTHER REVENUES	7.60	13,241.70	0.00	0.00	0.00	13,249.30
TOTAL REVENUES	31,988,726.61	1,509,818.09	426,772.39	260,698.06	370,765.17	34,556,780.32
EXPENDITURES:						
INSTRUCTIONAL SERVICES	10,089,977.86	636,996.90	0.00	50,635.36	64,001.29	10,841,611.41
INSTRUCTIONAL SUPPORT SERVICES	2,614,408.32	250,763.78	0.00	0.00	117,019.54	2,982,191.64
OPERATIONS & MAINTENANCE	1,642,297.22	11,030.92	0.00	41,895.57	0.00	1,695,223.71
AUXILIARY SERVICES	54,666.16	715,367.06	0.00	0.00	0.00	770,033.22
GENERAL ADMINISTRATIVE SERVICES	683,717.32	269.25	0.00	0.00	0.00	683,986.57
CAPITAL OUTLAY	0.00	0.00	0.00	715,398.89	0.00	715,398.89
DEBT SERVICES						
PRINCIPLE	0.00	0.00	1,350,000.00	0.00	0.00	1,350,000.00
INTEREST	0.00	0.00	354,388.78	0.00	0.00	354,388.78
OTHER DEBT SERVICES	0.00	0.00	2,465.00	0.00	0.00	2,465.00
OTHER EXPENDITURES	149,286.05	260,823.88	0.00	0.00	51,894.22	462,004.15
TOTAL EXPENDITURES	15,234,352.93	1,875,251.79	1,706,853.78	807,929.82	232,915.05	19,857,303.37
OTHER FUND SOURCES (USES):						
TRANSFERS IN	259,147.92	953,669.56	1,280,081.39	0.00	29,511.52	2,522,410.39
OTHER FUND SOURCES	1,784.65	277.50	0.00	0.00	0.00	2,062.15
TRANSFERS OUT	2,085,357.79	367,651.22	0.00	0.00	69,401.38	2,522,410.39
OTHER FUND USES	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER FUND SOURCES (USES)	(1,824,425.22)	586,295.84	1,280,081.39	0.00	(39,889.86)	2,062.15
EXCESS REVENUES & OTHER SOURCES OVER/UNDER EXPENDITURES & OTHER FUND USES	14,929,948.46	220,862.14	0.00	(547,231.76)	97,960.26	14,701,539.10
BEGINNING FUND BALANCE - OCT 1	13,045,524.94	1,839,984.92	2,330.68	17,178,493.01	1,119,476.13	33,185,809.68
ENDING FUND BALANC - JAN 31	27,975,473.40	2,060,847.06	2,330.68	16,631,261.25	1,217,436.39	47,887,348.78



Financial Statements

- **General Fund-** The primary operating functions of the district are accounted for in this fund
 - State Appropriations
 - Local taxes
- **Special Revenue Fund-** Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
 - Federal allocations
 - Food Service Program
 - Local School Funds

Financial Statements

- **Debt Service Fund-** Accounts for the resources for the payment of long-term debt (principal and interest) of the district.
- **Capital Projects Fund-** Accounts for the resources to acquire or construct major capital projects
- **Expendable Trust Fund-** accounts for the resources of district support organizations(PTA, booster club, student organizations)

Exhibit F-III

	GENERAL		VARIANCE	SPECIAL REVENUE		EXHIBIT F-III-A
FUND TYPE			FAVORABLE			VARIANCE
DESCRIPTION	BUDGET	ACTUAL	(UNFAVORABLE)	BUDGET	ACTUAL	(UNFAVORABLE)
REVENUES						
STATE REVENUES	20309452	6968126	13341326	69308	23104	46204
FEDERAL REVENUES	0	0	0	806436	0	806436
LOCAL REVENUES	27093580.24	25020593.01	2072987.23	410155.172	1473472.39	2628079.33
OTHER SOURCES	0	7.6	-7.6	25000	13241.7	11758.3
TOTAL REVENUES	47403032.24	31988726.61	15414305.63	5002295.72	1509818.09	3492477.63
EXPENDITURES:						
INSTRUCTIONAL SERVICES	30159586	10089977.86	20069608.14	1976208.76	636996.9	1339211.86
INSTRUCTIONAL SUPPORT SERVICES	7526240	2614408.32	4911831.68	76596.144	250763.78	515197.66
OPERATIONS & MAINTENANCE	4553672	1642297.22	2911374.78	34003.36	11030.92	22972.44
AUXILIARY SERVICES	77020	54666.16	22353.84	1751002.32	715367.06	1035635.26
GENERAL ADMINISTRATIVE SERVICES	2151857	683717.32	1468139.68	1200	269.25	930.75
CAPITAL OUTLAY	0	0	0	0	0	0
DEBT SERVICES						
PRINCIPLE	0	0	0	0	0	0
INTEREST	0	0	0	0	0	0
OTHER DEBT SERVICES	0	0	0	0	0	0
OTHER EXPENDITURES	290810	149286.05	141523.95	681202.96	260823.88	420379.08
TOTAL EXPENDITURES	44759185	15234352.93	29524832.07	5209578.84	1875251.79	3334327.05
OTHER FUND SOURCES (USES):						
TRANSFERS IN	680185	259147.92	421037.08	1722513.96	953669.56	768844.4
OTHER FUND SOURCES	0	1784.65	-1784.65	0	277.5	-277.5
TRANSFERS OUT	2964151	2085357.79	878793.21	1175121.4	367651.22	807470.18
OTHER FUND USES	0	0	0	0	0	0
TOTAL OTHER FUND SOURCES (USES)	-2283966	-1824425.22	-469540.78	547392.56	586295.84	-38903.28
EXCESS REVENUES & OTHER SOURCES						
OVER(UNDER)EXPENDITURES & OTHER FUND USES	359881.24	14929948.46	-14570067.22	340109.44	220862.14	119247.3
BEGINNING FUND BALANCE - OCT 1	11747821	13045524.94	-1297703.94	2701217	1839984.92	861232.08
ENDING FUND BALANCE - JAN 31	12107702.24	27975473.4	-15867771.16	3041326.44	2060847.06	980479.38

FUND TYPE DESCRIPTION	DEBT SERVICE			CAPITAL PROJECTS			EXHIBIT F-III-B
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES							
STATE REVENUES	661760	0	661760	3277232	4440	3272792	
FEDERAL REVENUES	0	0	0	0	0	0	
LOCAL REVENUES	425961	426772.39	-811.39	12500	256258.06	-243758.06	
OTHER SOURCES	0	0	0	0	0	0	
TOTAL REVENUES	1087721	426772.39	660948.61	3289732	260698.06	3029033.94	
EXPENDITURES:							
INSTRUCTIONAL SERVICES	0	0	0	0	50635.36	-50635.36	
INSTRUCTIONAL SUPPORT SERVICES	0	0	0	0	0	0	
OPERATIONS & MAINTENANCE	0	0	0	0	41895.57	-41895.57	
AUXILIARY SERVICES	0	0	0	0	0	0	
GENERAL ADMINISTRATIVE SERVICES	0	0	0	0	0	0	
CAPITAL OUTLAY	0	0	0	0	715398.89	-715398.89	
DEBT SERVICES							
PRINCIPLE	1350000	1350000	0	0	0	0	
INTEREST	684635	354388.78	330246.22	0	0	0	
OTHER DEBT SERVICES	0	2465	-2465	0	0	0	
OTHER EXPENDITURES	0	0	0	0	0	0	
TOTAL EXPENDITURES	2034635	1706853.78	327781.22	0	807929.82	-807929.82	
OTHER FUND SOURCES (USES):							
TRANSFERS IN	946914	1280081.39	-333167.39	850000	0	850000	
OTHER FUND SOURCES	0	0	0	0	0	0	
TRANSFERS OUT	0	0	0	0	0	0	
OTHER FUND USES	0	0	0	0	0	0	
TOTAL OTHER FUND SOURCES (USES)	946914	1280081.39	-333167.39	850000	0	850000	
EXCESS REVENUES & OTHER SOURCES OVER(UNDER)EXPENDITURES & OTHER FUND USES	0	0	0	4139732	-547231.76	4686963.76	
BEGINNING FUND BALANCE - OCT 1	0	2330.68	-2330.68	17600798	17178493.01	422304.99	
ENDING FUND BALANCE - JAN 31	0	2330.68	-2330.68	21740530	16631261.25	5109268.75	

FUND TYPE DESCRIPTION	EXPENDABLE TRUST		VARIANCE	TOTAL GOVT FUND TYPES & EXP TRUST FUNDS		EXHIBIT F-III-C VARIANCE
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES						
STATE REVENUES	0	0	0	243177.52	699567.0	173220.82
FEDERAL REVENUES	0	0	0	806436	0	806436
LOCAL REVENUES	1296536.4	370765.17	925771.23	32930129.36	27547861.02	5382268.34
OTHER SOURCES	0	0	0	25000	13249.3	11750.7
TOTAL REVENUES	1296536.4	370765.17	925771.23	58079317.36	34556780.32	23522537.04
EXPENDITURES:						
INSTRUCTIONAL SERVICES	291782	64001.29	227780.71	32427576.76	10841611.41	21585965.35
INSTRUCTIONAL SUPPORT SERVICES	480598	117019.54	363578.46	8772799.44	2982191.64	5790607.8
OPERATIONS & MAINTENANCE	300	0	300	4687975.36	1695223.71	2992751.65
AUXILIARY SERVICES	8320	0	8320	1836342.32	770033.22	1066309.1
GENERAL ADMINISTRATIVE SERVICES	0	0	0	2153057	683986.57	1469070.43
CAPITAL OUTLAY	0	0	0	0	715398.89	-715398.89
DEBT SERVICES						
PRINCIPLE	0	0	0	1350000	1350000	0
INTEREST	0	0	0	684635	354388.78	330246.22
OTHER DEBT SERVICES	0	0	0	0	2465	-2465
OTHER EXPENDITURES	392369.32	51894.22	340475.1	1364382.28	462004.15	902378.13
TOTAL EXPENDITURES	1173369.32	232915.05	940454.27	53176768.16	19857303.37	33319464.79
OTHER FUND SOURCES (USES):						
TRANSFERS IN	129978	29511.52	100466.48	4329590.96	2522410.39	1807180.57
OTHER FUND SOURCES	0	0	0	0	2062.15	-2062.15
TRANSFERS OUT	309569.32	69401.38	240167.94	4448841.72	2522410.39	1926431.33
OTHER FUND USES	0	0	0	0	0	0
TOTAL OTHER FUND SOURCES (USES)	-179591.32	-39889.86	-139701.46	-119250.76	2062.15	-121312.91
EXCESS REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER FUND USES	-56424.24	97960.26	-154384.5	4783298.44	14701539.1	-9918240.66
BEGINNING FUND BALANCE - OCT 1	1155029	1119476.13	35552.87	33204865	33185809.68	19055.32
ENDING FUND BALANCE - JAN 31	1098604.76	1217436.39	-118831.63	37988163.44	47887348.78	-9899185.34

	<u>2006-2007</u>	<u>2007-2008</u>	Difference	
October	\$ 1,473,117.00	\$ 329,712.00	\$ (1,143,405.00)	
November	\$ 1,788,269.00	\$ 1,343,090.00	\$ (445,179.00)	
December	\$ 6,891,661.00	\$ 13,633,404.00	\$ 6,741,743.00	
January	\$ 11,613,901.00	\$ 9,374,627.00	\$ (2,239,274.00)	
February	\$ 3,075,306.00			
March	\$ 288,477.00			
April	\$ 485,400.00			
May	\$ 165,489.00			
June	\$ 24,099.00			
July	\$ 292,545.00			
August	\$ 298,280.00			
September	\$ 897,891.00			
Total thru December	\$ 21,766,948.00	\$ 24,680,833.00	\$ 2,913,885.00	13%
Budgeted for year		\$ 26,752,070.00		

Audits of City School Boards

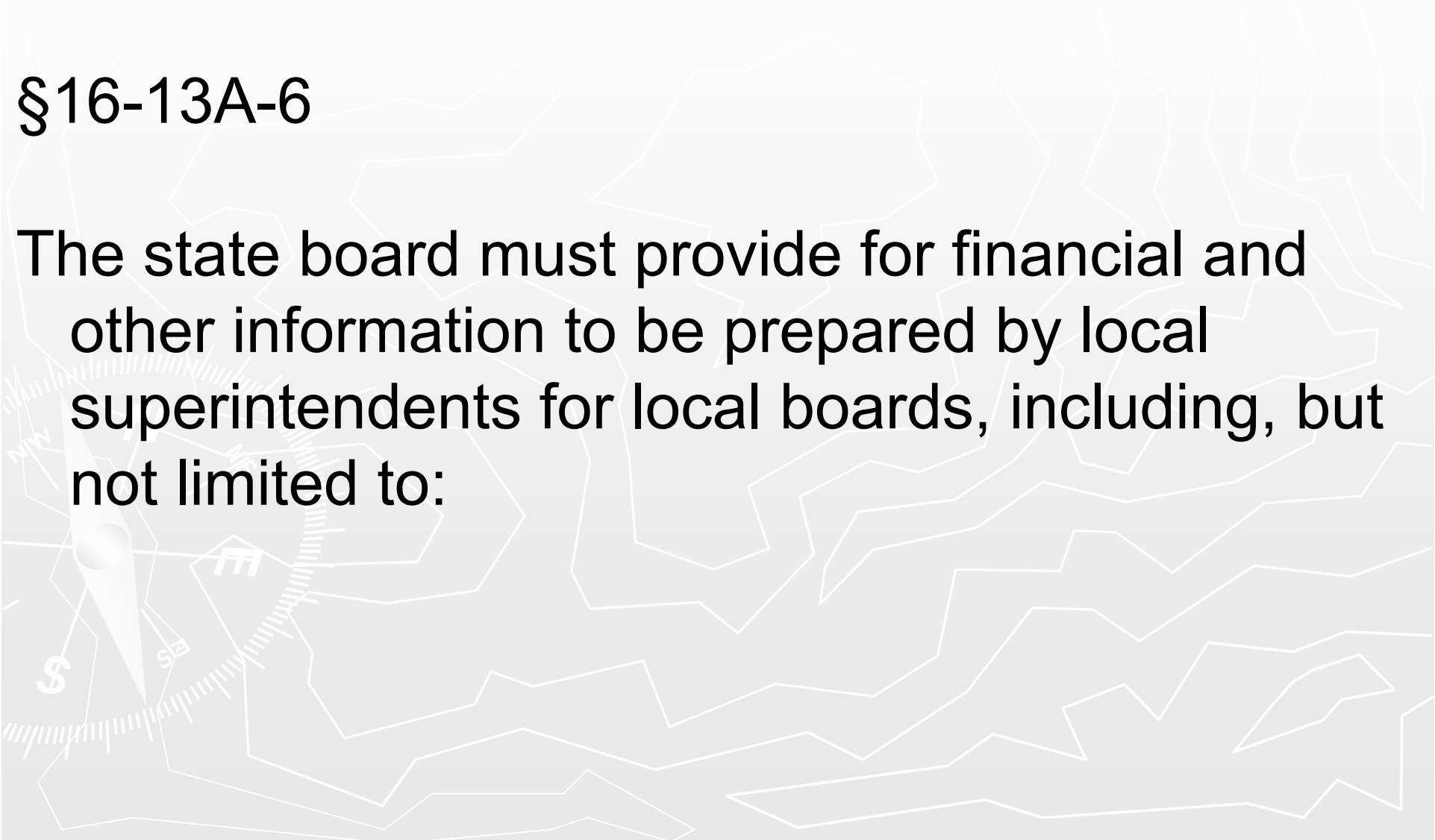
- ▶ Legal compliance audits and program compliance audits shall adhere to standards provided by the State Examiners.
- ▶ City school boards may employ a CPA firm or use the State Examiners for the annual audit.
- ▶ Financial intervention by the SDE will require city school boards to be audited by State Examiners.
- ▶ A local board may request an audit by the State Examiners upon a change in the CSFO or superintendent.

School Fiscal Accountability Act

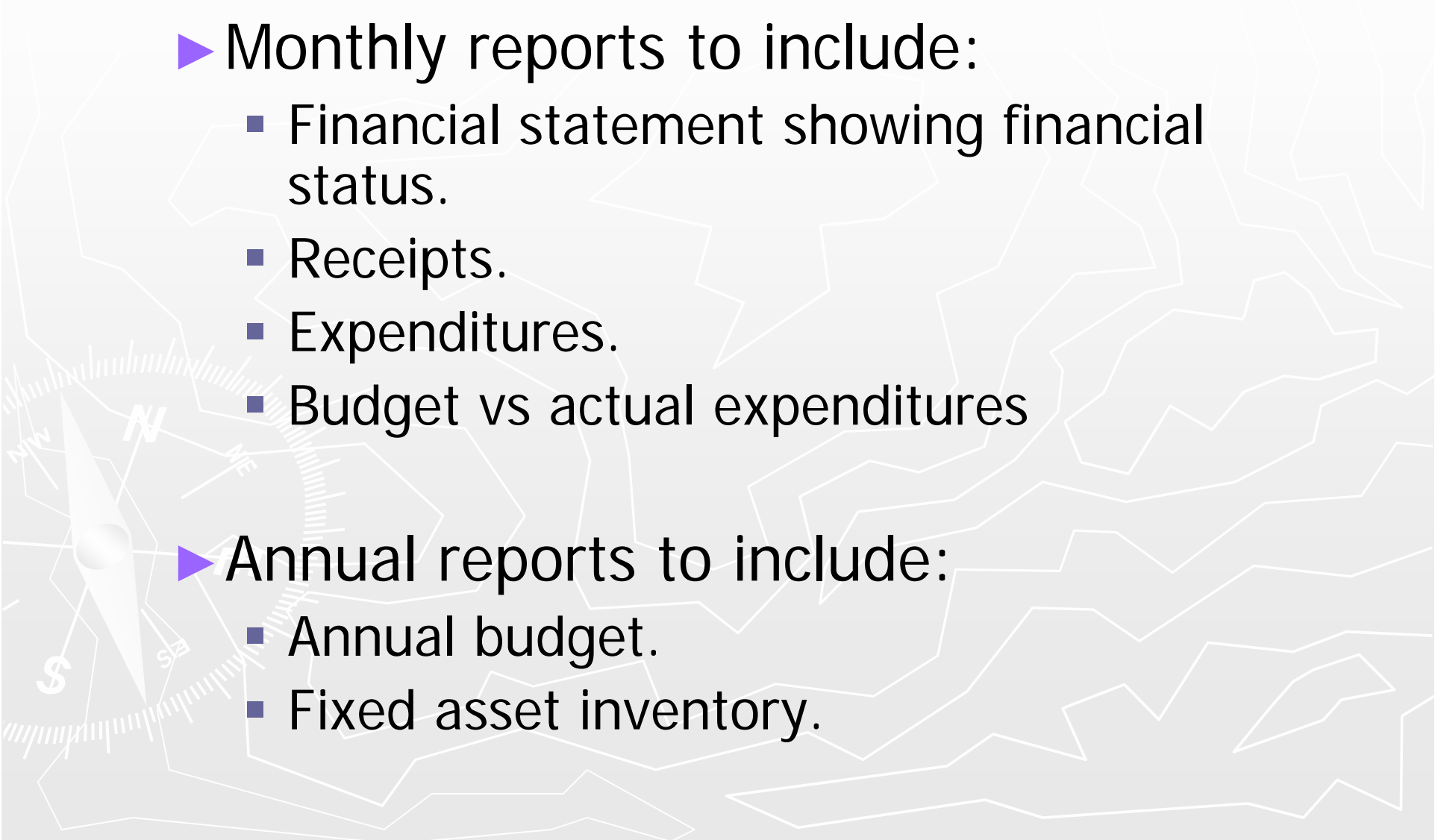
Act No. 2006-196

§16-13A-6

The state board must provide for financial and other information to be prepared by local superintendents for local boards, including, but not limited to:



Required reports

- 
- ▶ Monthly reports to include:
 - Financial statement showing financial status.
 - Receipts.
 - Expenditures.
 - Budget vs actual expenditures
 - ▶ Annual reports to include:
 - Annual budget.
 - Fixed asset inventory.

Local board will adopt fiscal management policies that comply with GAAP.

- ▶ Regular reconciliation of bank statements.
- ▶ Maintaining fixed assets inventory.
- ▶ Deposits.
- ▶ Review of monthly revenues and expenditures.

Local boards are required to:

- ▶ Develop a plan to establish and maintain a one-month minimum operating balance.
- ▶ Adopt procedures on expenditures that do not require express board approval in advance.
- ▶ Make all financial documents open to inspection and accessible to the public.
- ▶ Implement a standardized financial accounting program as determined by the State Supt.

16-13A-6

- ▶ (b) financial info must be submitted in writing or electronically to the CSFO by the 15th day of each month, following its presentation to the local board.
- ▶ (d) annual budgets and monthly financial statements must be made available to the general public at the local school system internet site

New CSFO Duty

- Personally notify, in writing , each local board member and the local superintendent of any financial transaction of the local board which the CSFO deems to be non-routine, unusual, without legal authorization or not in compliance with the fiscal management policies of the board. The president of the board must see that this notification is recorded in the minutes

**Notification Required by
Act No. 2006-196
School Fiscal Accountability Act**

Date _____

Control Number _____

School Board:
Chief School Financial Officer:
E-mail:
Phone:

FINANCIAL TRANSACTION

Notification is provided because the financial transaction described below is deemed:

- A. Non-routine*
- B. Unusual*
- C. Without legal authorization*
- D. Not in compliance with fiscal management policies of the board*

DESCRIPTION OF FINANCIAL TRANSACTION:

Responsible individual(s): _____

GENERAL LEDGER SNAPSHOT ANALYSIS INQUIRY



Local Tax Revenue Comparison

YTD Revenue July of Year 2006 and 2007



General Fund Revenue



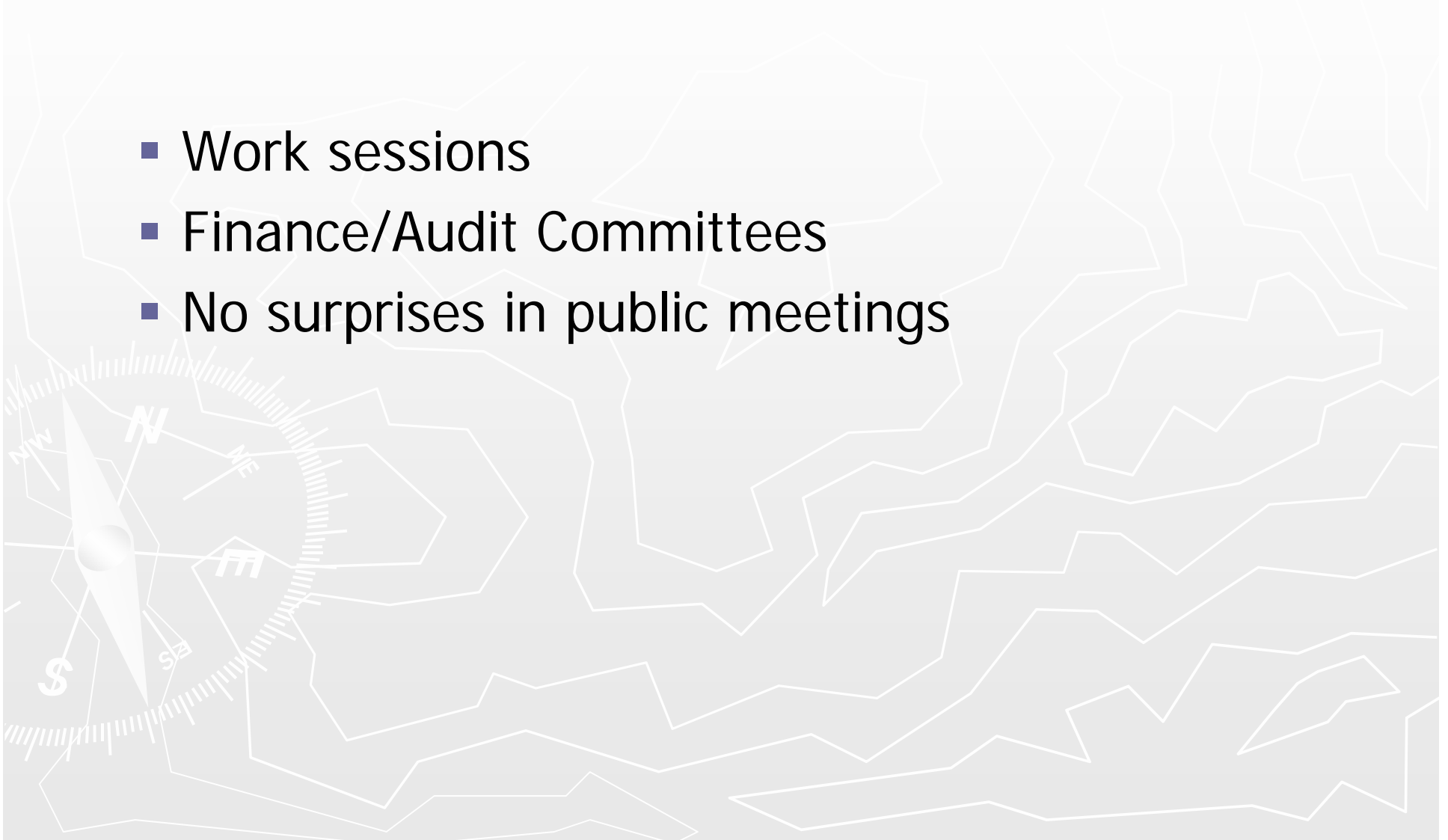
Monthly Financial Reports

- ▶ Analysis of financial reports
 - Significance of General Fund
 - What is the unreserved fund balance in General fund ?
 - ▶ One month operating reserve is required
 - Percentage of budget expended each month
 - Fluctuations in cash flow

	MCAI BUDGETARY ACCOUNTING SYSTEM		
	GENERAL LEDGER BALANCE SHEET		
	FISCAL PERIOD: 10 JULY		
	FUND 11 THRU 11		
	OCTOBER THRU SEPTEMBER FISCAL YEAR		
FUND: 11 GENERAL FUND			
FUND-C-FUNC-OBJ	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
*** ASSETS			
11-1-0111-000	CASH IN BANK (OPERATING ACCT)	10,317,075.38	9,445,175.24
11-1-0116-000	PETTY CASH	100.00	100.00
11-1-0131-000	ACCOUNTS RECEIVABLE	145,820.31	158,863.68
	*** TOTAL ASSETS.....:	10,462,995.69	9,604,138.92
*** LIABILITIES			
11-2-0217-000	COMPENSATED ABSENCES PAYABLE	205,373.72	-
11-2-0251-000	ACCOUNTS PAYABLE-FOUNDATION PROGRAM	292.76	(19.52)
	*** TOTAL LIABILITIES.....:	205,666.48	(19.52)
*** EQUITY			
11-3-0341-000	RESERVED FOR ENCUMBRANCES-FOUNDATIO	1,660,359.77	967,950.06
11-3-0350-000	UNRESERVED FUND BALANCE-FOUNDATION F	7,907,296.61	13,927,836.49
11-3-0358-000	ENCUMBRANCE OFFSET-FOUNDATION PROGI	(1,660,359.77)	(967,950.06)
11-3-0360-000	ADJUSTMENTS TO BEGINNING BAL	135,802.37	(6,000,000.00)
	*** TOTAL EQUITY.....:	8,043,098.98	7,927,836.49
	*** TOTAL LIABILITIES & EQUITY:	10,462,995.69	9,604,138.92
*** OPERATIONS			
	*** REVENUE SUMMARY.....:	44,593,765.05	38,803,322.59
	*** EXPENDITURE SUMMARY.....:	42,379,534.82	37,127,000.64
	*** TOTAL OPERATIONS.....:	2,214,230.23	1,676,321.95

Communication between Board and Superintendent/CFO

- Work sessions
- Finance/Audit Committees
- No surprises in public meetings



Other Required Reports

- ▶ Accountability Reports – Code of Alabama, §16-6B-7
 - 90 days after fiscal year ends
 - Released to State Department of Education, media, PTAs, legislative representatives

Reports Required for Participation in Foundation Program (Code of Alabama, §16-31-231)

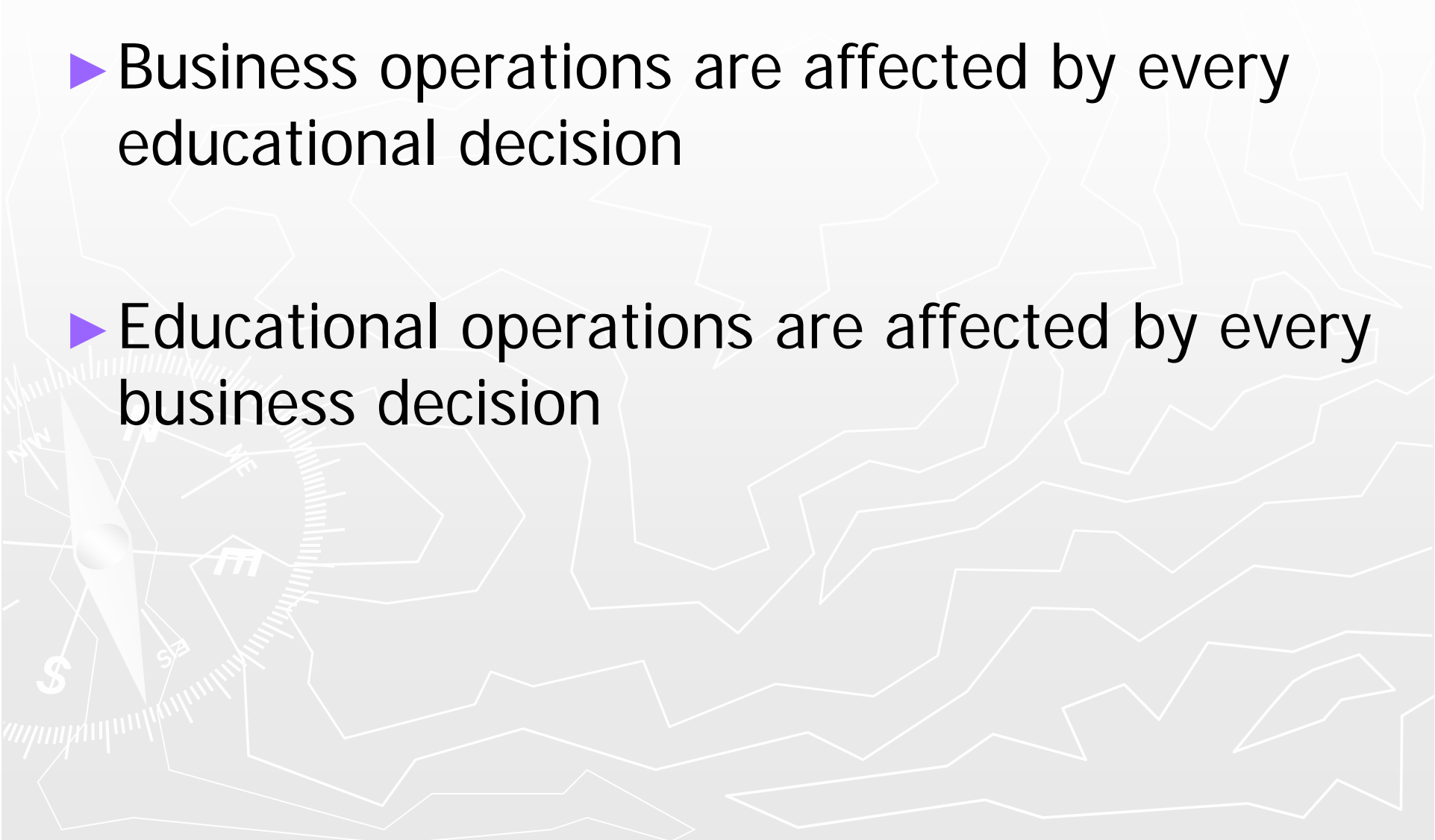
- ▶ Capital Plan
- ▶ Professional Development Plan
- ▶ Vocational Education
- ▶ Transportation Program
- ▶ Technical Program Plan
- ▶ Special Education
- ▶ At-Risk Plan

Areas That Cost Systems Additional Dollars



Areas That Cost Systems Additional Dollars

- ▶ Locally Funded Teachers
- ▶ Special Education
- ▶ Construction Projects
- ▶ Central Office Staff
- ▶ Accurate Reporting
- ▶ Extended Contracts
- ▶ Food Service Program

- 
- ▶ Business operations are affected by every educational decision
 - ▶ Educational operations are affected by every business decision