



Accounting & Financial Management

Presentation available online at: bhope.link/2018newcharters



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“Accounting and Financial Management”
2018 “Post-Approval” Training

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Facilities: Finding & Financing

- How to start your search
- Determine your target neighborhood
- Rent vs. build?
- Determining your cost factor for year one, year two and future years
- Sources for financing
- Special considerations in the current economy



Education Service Providers

- Management Company vs. Education Service Provider
- Do you need one?
- Typical services provided by CMO's
- Cost
- Pros and cons
- How to negotiate a good contract



Using Contracted Services

- Bus transportation
- Meal services
- Special education services
- Payroll services

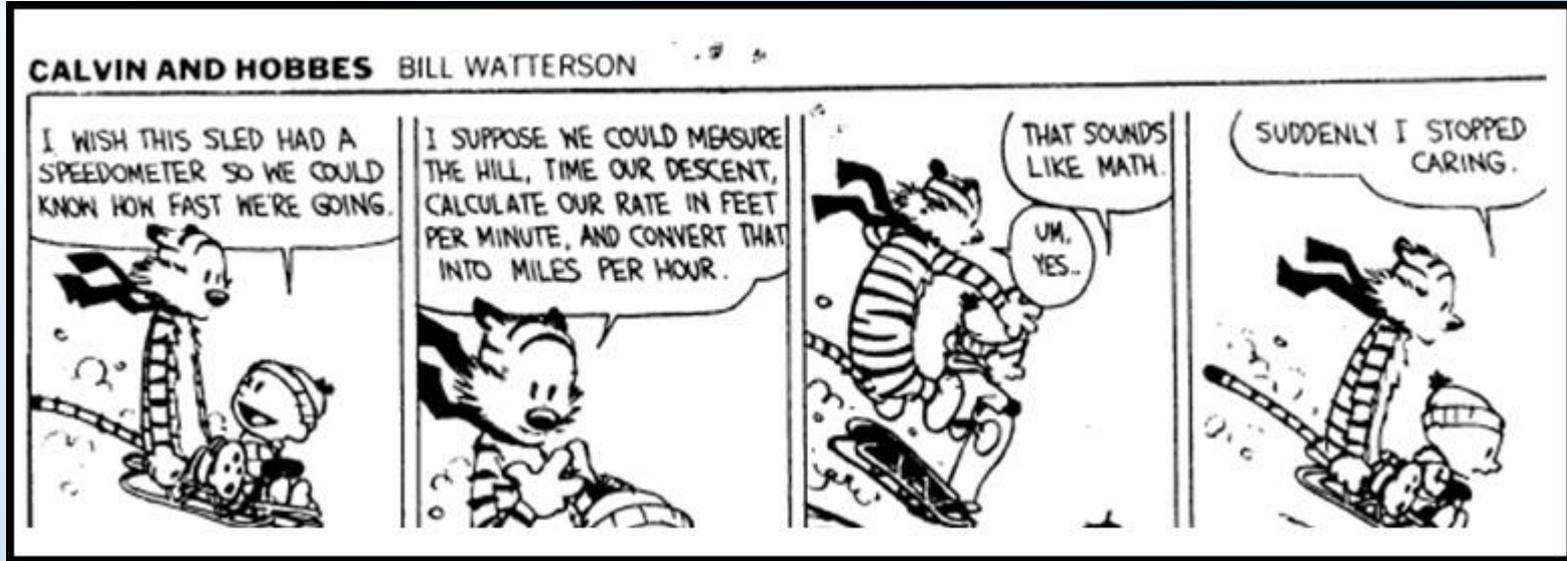


Human Resources

- Private vs. Public Employer
- Hiring Process
- Pay periods
 - Weekly
 - Semi-Monthly
 - Biweekly
 - Monthly
- 10 month vs. 12 month employees
- Outsourced or In-house processing



Accounting and Finance



Accounting and Finance

- Developing policies and procedures
- Select and implement accounting system
- Preparation of annual budgets
- Daily management of accounts receivables/payables, and receipts/disbursements
- Preparation of periodic financial statements and submission of required reports
- Managing annual audit
- Presentations to Board of Directors.



Developing Policies and Procedures

- **Budget administration –**
 - refers to a governing board’s responsibility to adopt and maintain an operating budget pursuant to s. 1002.33(9)(h), F.S.
- **Separation of duties –**
 - means that one individual should not be responsible for all aspects of a transaction (authorizing, receiving, recording, depositing, and reconciling).
- **Records management –**
 - s. 1002.33(9)(g), F.S., states that a charter school shall maintain all financial records in accordance with the state’s accounting manual titled “Financial and Program Cost Accounting and Reporting for Florida Schools (Redbook)”



Developing Policies and Procedures

- **Cash controls –**

- refers to establishing and maintaining an adequate system of internal controls in order to safeguard cash and investments.

- **Capital assets**

- should be marked or tagged to indicate ownership by the charter school, all acquisitions should be recorded, and a physical inventory should be conducted annually.

- **Payroll and personnel administration –**

- Responsible payroll management is extremely important because failure to pay employee income taxes, federal social security, retirement benefits, or wages and salaries may result in a finding that the school is in a state of financial emergency.



Select and Implement Accounting System

- Determine needs based on growth plans
- Outsource or In House
- Quickbooks ?
- Identify Person Responsible for Implementation
- Identify ALL Costs of Accounting System
- Data Safety



Preparation of Annual Budgets

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BOB THAVES



Preparation of Annual Budgets

- Types of Budgets
 - Regulatory
 - Planning
 - Short vs. Long Range Budgets
- Identify Your Revenue and Cost Drivers
- Variable vs. Fixed Budget Items
- Formats
- Tools exist, such as the CSU Budget Template



Accounting Daily Management

- Procedure Manuals
- Cash Flow Projections
- Posting Entries
- Red Book Accounting
 - **Funds** - fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources
 - **Function Codes** - Function classifications indicate the overall purpose or objective of an expenditure.
 - **Object Codes** - The object classification indicates the type of goods or services obtained as a result of a specific expenditure.
- Web Site for Red Book www.fldoe.org/fefp/redtoc.asp



Accounting Daily Management

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations:

- Permanent Funds
- General Fund
- Debt Service Funds
- Capital Projects Funds
- Special Revenue Funds
- Internal Service Funds
- Fiduciary Funds
- Enterprise Funds



Accounting Daily Management

Function refers to the objective or purpose of an expenditure. Functions are the activities performed to accomplish the objectives of the organization. The activities of schools are classified into four major functional categories as follows:

- **Instruction (5000s).** The activities dealing directly with the teaching of pupils or the interaction between teacher and pupils.
- **Instructional Support Services (6000s).** This includes administrative, technical, and logistical support to facilitate and enhance instruction.
- **General Support Services (7000s).** Those activities associated with establishing policy, operating schools and the school system, and providing the necessary facilities and services for the staff and pupils.
- **Community Services (9000s).** Community Services consist of those activities that are not directly related to providing education for pupils in a school system.



Accounting Daily Management

Object means the goods purchased or the service obtained.

- There are eight major object categories provided in the Red Book manual:
 - Salaries (100s)
 - Employee Benefits (200s)
 - Purchased Services (300s)
 - Energy Services (400s)
 - Materials and Supplies (500s)
 - Capital Outlay (600s)
 - Other Expenses
 - Transfers



Classifying Expenses

Each expense should be broken down into an account based on three indicators: Fund, Function, Object

Academic Supplies <i>(i.e. Classroom Supplies)</i>		
Fund	Function	Object
100 General Fund	5100 Academic	510 Supplies

Building Supplies <i>(i.e. toilet paper)</i>		
Fund	Function	Object
100 General Fund	7900 Facilities	510 Supplies

Textbooks <i>(i.e. Math Books)</i>		
Fund	Function	Object
100 General Fund	5100 Academic	520 Textbooks

CSP Computers <i>(i.e. planning grant)</i>		
Fund	Function	Object
420 Federal Fund	5100 Academic	644 Comp. Equi.



Financial Reports

Florida Statute Now Requires Monthly Financial Reports as adopted by State Board Rule (6A-1.0081)

- **Balance sheet** – a snapshot of the charter school's assets and liabilities at a specific point in time.
- **Revenues vs. expenditures statement** – a summary of the charter school's income and costs for a specified period of time.
- **Budget vs. actual expenses** – a statement comparing actual transactions to budgeted expenses for a specified period of time.
- **Cash flow projections** – a schedule of the school's forthcoming income and expenses.
- **Monthly Bank Reconciliations**
- **Board Reports**
- **Annual Financial Reports**



Managing Annual Audit

- Auditor Selection Process
- Good system of internal controls
- Segregation of duties
- Checks and Balances
- Properly Coding of Revenues and Expenditures
- Account Analysis
- Prepare and close Financial Reports
- Maintaining Fixed Asset Schedules
- Early preparation of the Management's Discussion and Analysis (MD&A)
- Maintaining all contracts in easily accessible manner



Presentations to Board of Directors

- Present financials in a format that is easily understandable
 - The Board may need training on how to understand
- Present all statements submitted to School District officials
- Review actual vs. budget
- Discuss any material budget variances



Stay Informed

- The charter landscape changes frequently. Statutes are usually changed annually.
- Pay attention to legislation that may change charter school operations.
- For example:
 - 2017 HB 7069 - Unrestricted assets may be shared between schools operated by the same organization within the same county.
 - 2017 HB 7069 - Districts required to share capital outlay
 - 2018 HB 7055 - State establishes Capital Outlay Threshold



Capital Outlay

- Eligible after two years of successful operation *(or once feeder chain established, accredited, or part of a charter school-in-the-workplace agreement)*
- Must annually complete an agreement to spend funds appropriately to apply *(Watch for emails from the state)*
- 2018 Legislation sets the limit, which will increase by inflation
- If state doesn't fully fund, districts are supposed to kick in
- If school has 25% or more ESE, or 75% or more FRL, each kid counts an extra 0.25 (For each scenario).
- We **estimate** around \$490 per student for 2018-19.



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