

Financial Reporting-What to Review with Your Principal

Melynda Buck
AASBO Local School Conference
April 17, 2024

Preparation



Complete the Bank Reconciliations.



Review Open Purchase Orders



Have your Month End checklist Completed



Know your Financial Policy and Procedures

Month-End closeouts build a foundation for important discussions with the Principal

- **Financial Health Assessment**
- **Budgeting and Planning**
- **Identifying Cost-saving Opportunities**
- **Compliance and Accountability**
- **Communication and Collaboration**

Financial Health Assessment

By reconciling accounts and reviewing financial statements, bookkeepers can assess the school's financial health. They can identify trends, anomalies, or areas needing attention. Providing the Principal with a clear picture of the school's financial status.

Budgeting and Planning

The monthly process helps track expenditures against the budget. Bookkeepers can highlight variances and provide explanations. This information is valuable for the Principal in making informed decisions and adjustments to the budget and future planning.

Identifying Cost-saving Opportunities

Through detailed reconciliation, bookkeepers can identify potential cost-saving opportunities. This information can be shared with the Principal to explore strategies for reducing expenses or reallocating resources more efficiently.

Compliance and Accountability

Completing the monthly process ensures compliance with accounting standards and regulations. It also enhances accountability by providing accurate and transparent financial data, which is crucial for the Principal in their role as a steward of school resources.

Communication and Collaboration

The monthly process encourages communication and collaboration between the bookkeeper and the Principal. The bookkeeper can provide insights and explanations regarding financial matters, enabling the Principal to make well-informed decisions for the school.

Overall, completing the monthly process not only ensures accurate financial records but also provides valuable information and insights that serve as the foundation for meaningful discussions and decisions with the Principal.



Security and confidentiality are paramount when discussing sensitive matters with the Principal. Here's how they play a crucial role



- Trust and Respect
- Data Protection
- Legal Compliance
- Maintain Professionalism
- Effective Decision Making

Trust and Respect:

Ensuring security and confidentiality demonstrates trust and respect for the Principal's role and responsibilities. It also fosters a trusting relationship between the bookkeeper and the Principal.



Data Protection:

Sensitive financial information, such as budget details or payroll data, must be protected from unauthorized access or disclosure. Adhering to security protocols helps prevent data breaches and maintains the integrity of the information.



Data Protection:

Sensitive financial information, such as budget details or payroll data, must be protected from unauthorized access or disclosure. Adhering to security protocols helps prevent data breaches and maintains the integrity of the information.



Legal Compliance:

Protecting sensitive information is often required by law or regulations, such as the Family Educational Rights and Privacy Act (FERPA). Failure to maintain confidentiality can result in legal consequences.



Maintaining Professionalism:

Respecting the confidentiality of sensitive matters reflects the bookkeeper's professionalism and commitment to ethical standards. It also sets a positive example for others in the school community.



Effective Decision-Making:

Confidentiality enables the Principal to make informed decisions based on complete and accurate information. It allows for open and honest discussions without fear of sensitive information being disclosed inappropriately.



Local School Finance



What Kind of Money do I Have,
Public/Non-Public?



How Can I Spend It?



How do I Prioritize the Funds Available?



Why is the Monthly Checklist Important?

Non-Public

Public

Funds are generated by a particular group. (Donations, Dues, Fundraisers, and Commissions)

Funds are used for that particular group

Funds controlled by officers of the particular group

Funds are restricted for expenditures subject to the intent and authorization of the organization's sponsors and officers and not used for the general operations of the school

The principal of the school cannot direct the use of these funds but does have the authority to prohibit inappropriate expenditures

Funds are generated school-wide

Funds are used for all students

Funds are controlled by the principal or district employee

Non-public funds when "co-mingled" with public funds

(Legislative donations, Mayoral donations, discretionary funds, gate receipts, course fees commissions, *donations, vending machine sales, *grants from any governmental entity)

*can be used for unallowable public expenditures IF letter designating the use is attached

What kind of money do I have?

Unallowable Use Of Public Funds

- Faculty appreciation gifts
- Holiday gift items
- Food for beginning of year breakfast, after school faculty/staff meeting
- Flowers for faculty/staff or family member due to sickness, death, secretary week, etc.
- T-Shirts for faculty/staff
- Food for faculty/staff holiday parties
- Christmas cards
- Candy
- Donations to various organizations
- Dues to private clubs (Rotary, Kiwanis)
- Planned lunches for faculty/staff
- Alcoholic beverages
- Scholarships for Students (to be used after graduation)
- Meals for employee spouses
- Coffee, food, and paper products for faculty/staff lounge
- Championship rings

How Can I Spend The Money I Have?

Donations

Funds Come From...

- Businesses
- Legislator/Mayor
- Parent

Funds Can Be Used For...

- Furniture/Fixtures
- Instructional Materials and Equipment
- Professional Development

Any allowable “public” funds purchase unless specified by donor

State Funds

Funds Come From...

- State Department of Ed

Funds Can Be Used For...

- Teacher SF: Instructional materials and equipment; supplies, paper, calculators, books
- Technology SF: All software, hardware & apps have to be approved by the IT department
- PD SF: Registration fees, books, speaker fees for in-house training
- Library SF: Library books, periodicals, software

Local Funds

Funds Come From...

- Parent Donations at Registration
- PTO's*

Funds Can Be Used For...

- Instructional Materials and Equipment; Books,
- Rugs, Furniture
- Supplies; Paper
- Professional Development

*If PTO stipulated guidelines on purchases, monies have to be spent accordingly

How Can I Spend The Money I Have?

Commissions

Funds Come From...

- Vendors (Target, Publix, etc.)
- Picture Monies
- Vending Machines

Funds Can Be Used For...

- Furniture/Fixtures
- Capital Improvements
- Instructional Materials
- Professional Development

*Monies can be deemed non-public if solely managed by support organization

Athletic-FR

Funds come from..

- Fundraisers led by coaches, teachers, public employees
- Public guidelines will be used

Funds Can Be Used For...

- Athletic equipment
- Uniforms
- Referees
- Transportation
- Tournament fees
- Team meals

Athletic Booster

Funds Come From...

- Membership Dues
- Fundraisers

Funds Can Be Used For...

- Snacks
- Gifts
- Banquet
- Travel

How Can I Spend The Money I Have?

Athletic Team

Funds Come From...

- Admissions
- Spirit Pack
- Activity Card/Sports Pass

Funds Can Be Used For...

- Athletic Equipment
- Uniforms
- Team Meals
- Referees
- Transportation
- Tournament Fees

Student Clubs

Funds Come From...

- Dues and Fees
- Fundraisers

Funds Can Be Used For...

- Events
- T-Shirts
- Philanthropic Projects
- Snacks
- Gifts
- Banquets
- Travel

Course Fees

Funds Come From...

- Registration Fees/Fee Sheet

Funds Can Be Used For...

- Instructional Materials
- Equipment

How Can I Spend The Money I Have?

Field Trips

Funds Come From...

- Student
- PTO
- Fundraisers

Funds Can Be Used For...

- Admissions
- Transportation
- Snacks/lunch if actually collected as part of the fee

Fees/ Donations

Funds Come From...

- Student

Funds Can Be Used For...

- Purpose for which collected (expended in year received)

Drivers Ed

Funds Come From...

- Student-Registration Fee/Fee Sheet

Funds Can Be Used For...

- Fuel
- Maintenance
- Transfer to BOE to supplement insurance costs

How Can I Spend The Money I Have?

District

Funds Come From...

- Will be a check from the Board

Funds Can Be Used For...

- Transfer to applicable activities (Principal Discretionary, SF accounts)
- Should ALWAYS have a zero balance; cannot be used as a savings account

Bank

Funds Come From...

- Report shows zero balance - OK
- Balance sheet shows breakdown of cash in checking, change cash, petty cash, CD's (if applicable), Investments with Board* (if applicable)

*Funds invested may be from the principal's reserve account or from a support organization

Do Not Use

Funds Come From...

- Open PO Register
- Returned NSF's

Funds Can Be Used For...

- NOT available for use
- Used as a "holding account" for encumbrances and NSF's

How Can I Spend The Money I Have?

Healthroom

Funds Come From...

- Principal Discretionary
- PTO
- Commissions
- Donations

Funds Can Be Used For...

- Health Room Supplies
- Equipment

Drop/Add Fee

Funds Come From...

- Student (class change fee)

Funds Can Be Used For...

- Transfer to School Instruction by journal entry
- Can be used for instructional materials at EOY

Office

Funds Come From...

- Principal Discretionary
- PTO
- Commissions
- Donations

Funds Can Be Used For...

- General Supplies,
- Paper,
- Postage/Postage Machine*

*Lease has to be approved by CSFO

How Can I Spend The Money I Have?

Grants

Funds Come From...

- Businesses
- Hoover Foundation

Funds Can Be Used For...

- Monies have to be spent according to written grant request
- Awarded documentation should be on file at the local school

Principal Discretionary

Funds Come From...

- District (Current Year Allocation)

Funds Can Be Used For...

- To be used at the Superintendent's direction

Principal Reserve

Funds Come From...

- Discretionary funds
- Commissions

Funds Can Be Used For...

- Transfer to appropriate activity (must comply with public guidelines)

How Can I Spend The Money I Have?

Rental Income

Funds Come From...

- Renters

Funds Can Be Used For...

- Classroom Furniture
- Folding Chairs, Tables & Carts
- Land Improvements (Repave Track)*
- Building Repairs & Maintenance (flooring, stage curtains, sound system)

*Requires approval of Superintendent and Director of Operations

School Instruction

Funds Come From...

- Remaining “State” Classroom Allocation*

Funds Can Be Used For...

- Instructional Materials
- Equipment
- Testing Materials

*Use these funds next fiscal year

Summer School

Funds Come From...

- Registration Fee - Student

Funds Can Be Used For...

- Transfer to BOE to Supplement Teachers’ Salaries/Benefits

How Can I Spend The Money I Have?

Vandalism

Funds Come From...

- Vandal

Funds Can Be Used For...

- Building/Grounds Repair
- Reimbursement to BOE for Expenses

Yearbook

Funds Come From...

- Student

Funds Can Be Used For...

- Purpose Collected
- Printing and Binding
- Software
- Equipment (cameras)
- LEssons/Training

*Contract required



Order of Spending

More Restrictive

- Grants
- Vandalism
- Rental Income
- State Monies

Less Restrictive

- PTO Discretionary
- Donations
- Commissions
- Discretionary/Reserve
- Investments

Monthly Financial Reports

- Know Your Accounts/Activities
- Question Past Due Notices
- Compare Income Balances With Prior Year
- Be Aware of Deadlines Not Being Met
- Meet With Bookkeeper Once a Month to Review Accounts
- Review Journal Entry Documentation
- Monthly Financial Statement Checklist
- NEVER be afraid to call Central Office for help!

Key Takeaways

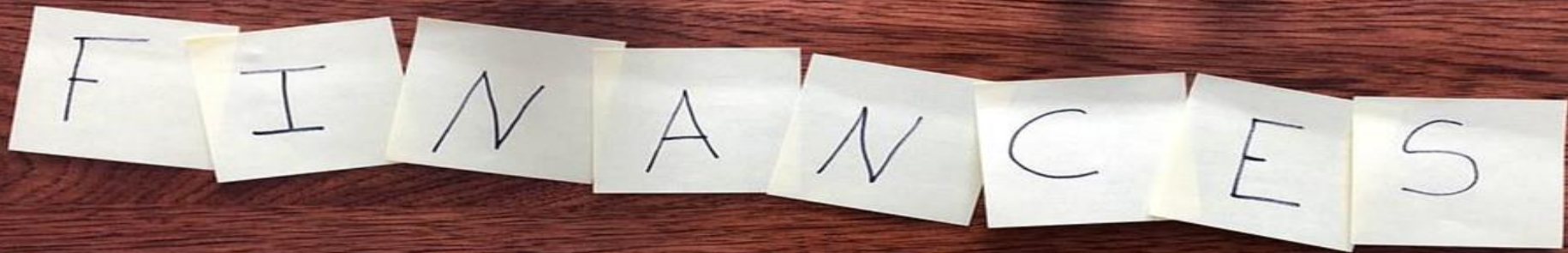
This time doesn't have to be formal but it does need to be informative

Make it a standard practice to review your schools financial status

Make your discussion detailed and easy to understand

Protect your Principal, make sure they stay within financial regulations to avoid legal pitfalls



The word "FINANCES" is spelled out using eight individual yellow sticky notes, each with a single letter written in black marker. The notes are arranged in a slightly curved line on a dark wood-grain surface. The letters are: F, I, N, A, N, C, E, S.

FINANCES

Melynda Buck
Hoover City Board of Education
205-439-1011
mbuck@hoover.k12.al.us

AASBO Local School Conference
April 17, 2024