

Budget Calendar and Financial Cycles

February, 7 2023



Finance Committees Are THE Best!

- ***Exciting*** Opportunities in Financial Policy Setting and Oversight!
- Repeating Chances to ***Develop*** and ***Oversee*** Operating Budgets!
- Ongoing Reviews of Financial Health and Viability!
- Ensuring Sound Financial Operational Compliance!
- Interim and Annual Reporting - Including ***AUDITS!!***

That's a lot to manage and keep in order. Establishing and Implementing consistent policies and procedures can both ensure the board and school fulfill their duties efficiently and more readily identify issues and concerns as they may arise.

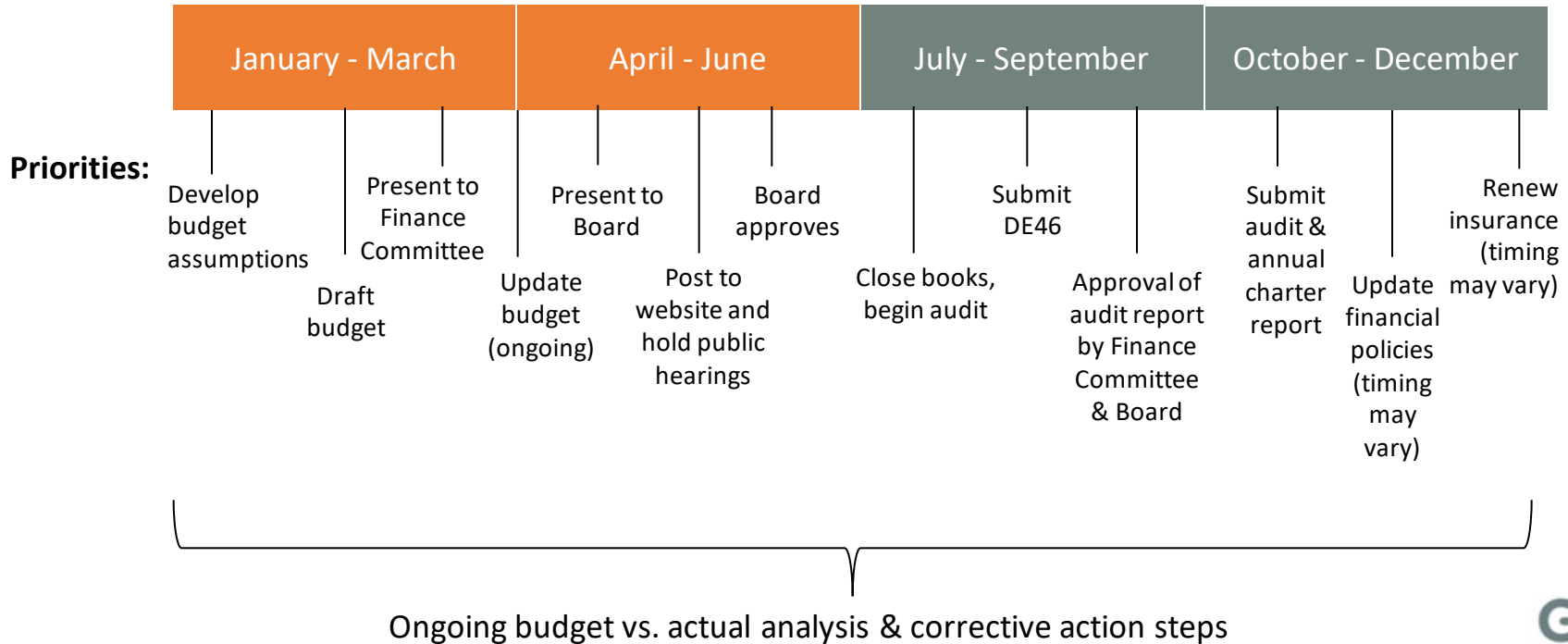
BUT: Here's how we can manage it

- ❑ Understand the Budget Cycle
- ❑ Adopt a Budget Calendar
- ❑ Monitor Budget Performance
 - ❑ Monthly Financial Reporting
 - ❑ Annual Financial Reporting
- ❑ Financial Policies, Procedures, and Practices that Wrap it All Together

Board Vs. Committee

Role of the Board	Role of the Finance Committee
<ul style="list-style-type: none">• Vote to approve	<ul style="list-style-type: none">• Vote to recommend
<ul style="list-style-type: none">• Review financial statements at an even higher level	<ul style="list-style-type: none">• Review financial statements at a high level
<ul style="list-style-type: none">• Challenge only the biggest assumptions	<ul style="list-style-type: none">• Challenge all major assumptions
<ul style="list-style-type: none">• Meet (minimally) quarterly or bi-monthly/monthly	<ul style="list-style-type: none">• Meet monthly
<ul style="list-style-type: none">• Works closely with the school leader	<ul style="list-style-type: none">• Works closely with the CFO

Financial Priorities Throughout the Year



Budgeting Process

- Identify steps in budget process
- Align steps to calendar, working backward from target(s)
 - Including pre-existing meetings for various stakeholders
- Assign roles and responsibilities to activities
- Develop communication and stakeholder engagement plans
- Set goals/metrics
- Utilize tools to reach consensus

Throughout process, check to ensure budget aligns to strategic plan



Short & Long-Term Spending Plans

While Board-approved school budgets span the fiscal year, long-term forecasting should also be done to ensure long-term sustainability.

- Long-term forecasting involves planning for multiples years (5 or more)
 - Staffing plans and scenarios will comprise the bulk of expenses & require assumptions around new positions, COLA, healthcare coverage, TRS increases/decreases, etc.
 - Enrollment scenarios will drive per-pupil revenue predictions and long-term sustainability
 - Build-in assumptions re: growth (grade levels, class sizes, staffing)
 - Allows you to predict break-even timeline
- Banks and funders will want to see a multi-year budget

Budget Adoption

- Finance Committee should review drafts several times and discuss at 1-3 meetings before going before the full Board for review
- Finance Committee should recommend budget approval to full Board
- Two advertised public hearings required prior to budget approval (not in same week)
- Post budget summary on publicly available portion of website
- Full Board vote in spring



What is a Budget Calendar?

To ensure that the goal of approving the budget prior to the beginning of the fiscal year is met, a budget calendar that establishes all important dates in the preparation of the budget should be developed. The calendar should indicate the periods during which:

- budget worksheets, instructions, and guidelines will be distributed to departments
- revenue estimates will be prepared,
- budget requests will be compiled into a single budget document with necessary summary schedules,
- the budget will be presented to the school board,
- budget meetings and work sessions will be held,
- the public meetings held prior to the adoption of the final budget will be advertised in the legal news organ. The location of the budgets presented on the LEA's public website will be included in the advertisement for the public meeting,
- the tentative budget will be adopted and presented on the LEA's public website,
- the date of the final adoption of the budget will be published on the LEA's public website.
- the new fiscal year will begin (i.e., July 1).

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Monthly Reporting

- Monthly Financial Packet for Board May Contain: Income Statement, Balance Sheet, **Cash Flow Statement, Credit Card Register, Check Register, Budget Vs. Actual Analysis**, Cash Flow Projections, Financial Analysis
- Recommended focus on Budget vs. Actual Revenues, Expenses – identify areas for intervention, adjustments to spending plans, timing, hiring plans
- Consider also: Executive Director Credit Card Expenses for Approval (depending on financial policies)
- Dashboards – Enrollment, unrestricted days cash, authorizer/CPF indicators, enrollment, other strategic priorities
- Forecast Updates – Changes affecting bottom line from approved budget

A Note on Timing:

- ❑ Because of the need to "close" monthly finances - and board and committee meetings being relatively infrequent, the reports a financial committee is reviewing reflects the school's operations 1-2 months ago.
- ❑ Schools operate traditionally on a nine month calendar - with periods of high activity and stints of almost none.
- ❑ This requires special attention to cash flow and changes in revenues and expenditure.
- ❑ The Finance Committee must keep one eye on tangible financial reports from 1-2 months ago as well as current operations, revenues, and expenditures.

Sample Financial Questions

- Why are revenues behind?
 - Is this a timing issue or a true variance?
 - If true variance, what expenses will be cut (or revenues increased) to cover revenue the shortfall?
- Why are expenses ahead?
 - Is this a timing issue or a true variance?
 - If true variance, what expenses will be cut (or revenues increased) to cover revenue the shortfall?
- Do we have enough cash on hand to meet monthly expenses? How many months?
 - If not, what can we delay or not spend?
 - Are we up-to-date on grant drawdowns?
- Have we met / are we on-track to meet enrollment targets?
- If assessed today, how would we score on all authorizer financial indicators?
- Are accounts receivable asset accounts changing/decreasing month-to-month?
 - What type of monthly follow-up is happening?
 - Are there uncollectible amounts that need to be written off?
- Are accounts payable and payroll liability accounts changing/decreasing month-to-month?
 - Are we staying on top of bills and in good standing with vendors?
 - Are withholds from employee paychecks being remitted in a timely manner to taxing authorities, TRS, insurance companies, etc.?

Budget Calendar: Monthly Milestones

- Committee Meeting Dates, Times, and Location**
- Types and Format of Monthly Reports**
- Dates for Preparation, and Submission of Monthly Reports**

Annual Monitoring

Measure 1d, Data Reporting

Is the school complying with all data and financial reporting requirements?

Meets Standard:

- The school complied with all applicable laws, rules, regulations, and provisions of its charter contract relating to relevant reporting requirements, including timelines and deadlines, to the SCSC, GaDOE, and/or federal authorities, including but not limited to:
 - QBE/FTE Data Reporting;
 - Personnel Reporting;
 - Student Record Reporting;
 - CCRPI Data Reporting;
 - Consolidated LEA Implementation Plan (CLIP) for federal programs;
 - Special Education Data Reporting;
 - Required Data Surveys;
 - Complete and on-time submission of financial reports, such as its annual budgets, revised budgets, and/or DE 046, in the manner prescribed by GaDOE or the SCSC;
 - Timely periodic financial reports as required by the SCSC, GaDOE, or other state agency;
- On-time submission and completion of its annual independent audit by the deadline established by the SCSC.

Budget Calendar: Annual Milestones

- Interim and Final Review and Submission Dates:**
 - Operating Budget**
 - DE046**
 - Audit**
 - Yearly/Quarterly Tax Filings**
 - Other (Debt Covenants; MOE Reporting)**
- Policy Review**
- Compliance Reports**
- Annual Account/Program Review**
 - TRS**
 - Benefits**

Budget Calendar: Financial Policies

- The Budget Calendar and Financial Policies Work in Tandem**
 - Financial Policies Codify the Adoption and Authority of the Budget Calendar**
 - Financial Policies Reference the Use and Adherence to the Budget Calendar**
 - The Budget Calendar Includes Dates for Reviewing Financial Policies**

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Budget Calendars Make Financial
Committees FUN!!



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