



Periodic Monitoring: Financial Reports



GOALS:

At the end of the session, school leaders will be able to:

- ✓ Identify the financial reports school leaders need to review each month
- ✓ Explain key financial reporting terminology
- ✓ Assess their school's financial health and identify financial red flags
- ✓ Develop follow up questions to ask their finance staff or financial services provider

When?

Annually

- ✓ Adopted Budget
- ✓ Amended Budgets
- ✓ Independent Audit

Quarterly

- Board Review of:
- ✓ Profit and Loss
 - ✓ Balance Sheet

Monthly

- School Leader Review of:
- ✓ Profit and Loss
 - ✓ Balance Sheet
 - ✓ Cash Flow Forecast
 - ✓ Bank Statement

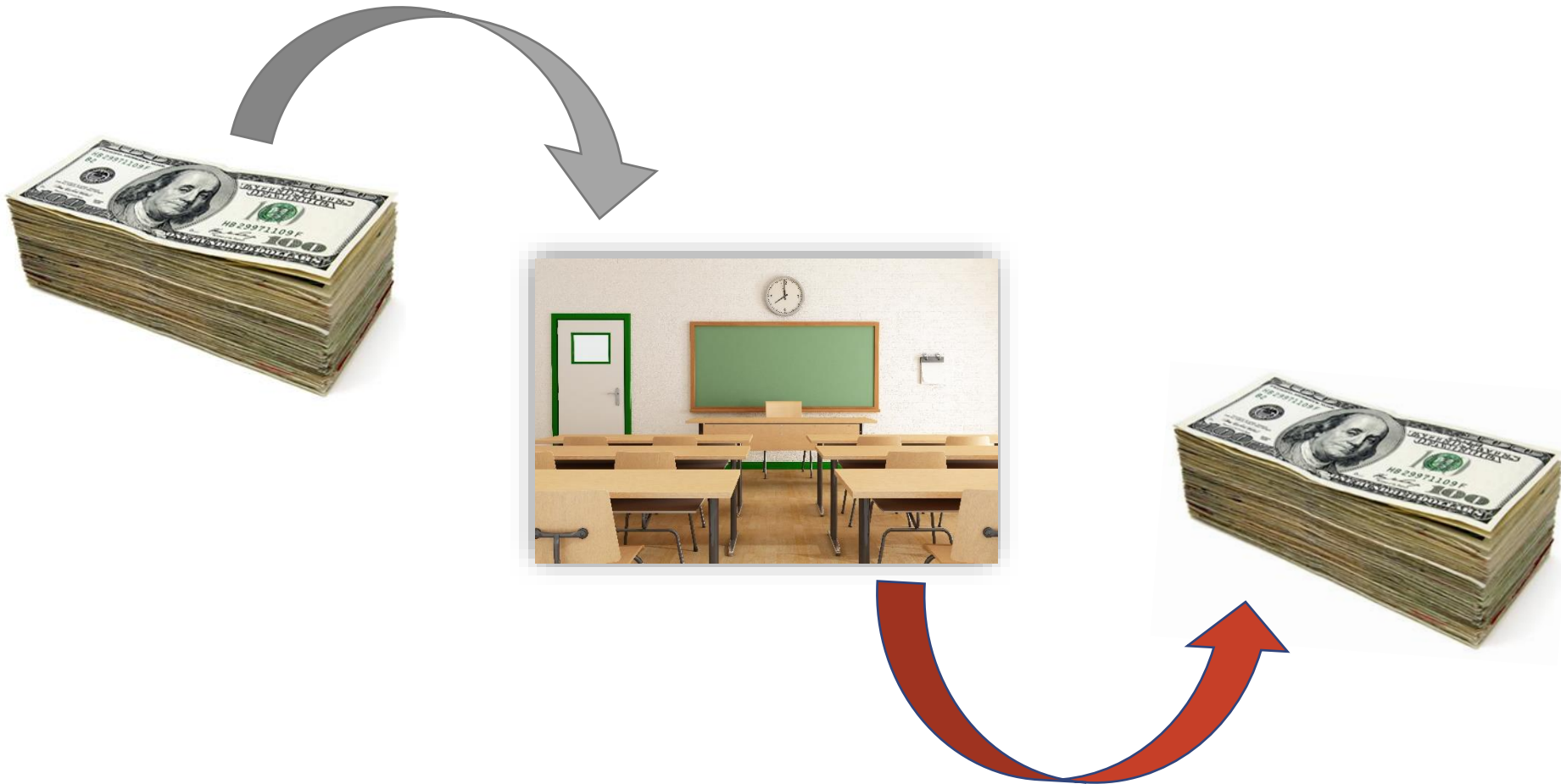


Financial Reports: Key Terminology

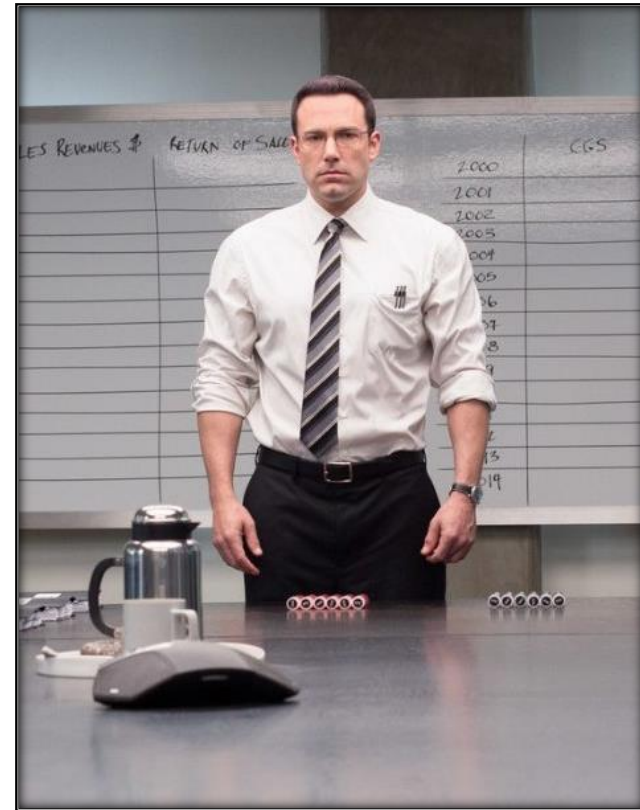
Key Terms



Cash



Accounting



Key Terms



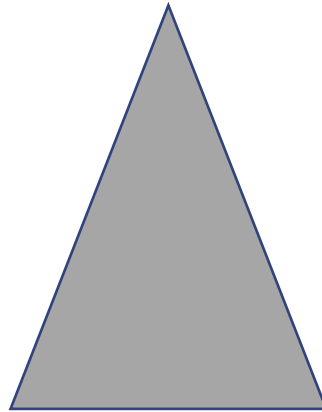
Balance Sheet

Assets

Liabilities

What you have

- Cash and investments
- Receivables
- Fixed Assets



What you owe

- Payables
- Debt



Decoding your financial reports



Monthly Financial Reports



Income Statement



Balance Sheet



Cash Flow Forecast*



Bank Statement*

* One per bank account



Income Statement

LOOK FORs:

- ✓ Net income: Negative, lower than previous year or Budget
- ✓ Ending Fund Balance: Negative, lower than previous year or Budget
- ✓ Variance to budget: revenue trending low, expenditures trending high, net income/ending FB trending low



Balance Sheet

LOOK FORs:

- ✓ Cash balance: Low, or amount is not close to bank statement balance
- ✓ Receivables: Unexpected items, if high, question AR aging
- ✓ Payables: Unexpected items, if high, question AP aging
- ✓ Equity should equal YTD fund balance on P&L, **SHOULD NOT BE NEGATIVE**



Cash Flow Forecast

LOOK FORs:

- ✓ Monthly actuals should tie to bank statement (receipts, disbursements, net activity, beginning and ending balances)
- ✓ Review future months – forecast reasonability compared to previous months
- ✓ Smooth revenue and expense trends (RF – large lump sums of revenue or expense – need to ask why)
- ✓ Negative Cash, or very low cash in any given month



Bank Statement

LOOK FORs:

- ✓ Should tie to actuals on cash flow forecast, and be close to cash balance on balance sheet
- ✓ Higher than normal payroll (know your monthly payroll amounts)
- ✓ Note debit card purchases, know what they are for
- ✓ ANY unexpected outflows or vendors you don't know



Financial Reporting

Quarterly Financial Statements

Provide to school's Board of Directors and CSI at the end of each quarter

	Duration	Reporting Deadline
Quarter 1	July-September	October
Quarter 2	October-December	January
Quarter 3	January-March	April
Quarter 4	April-June	July

Template can be found at:

(www.csi.state.co.us → School Resources → Financial Services → Checklists & Templates → File Name 'Sample Quarterly Financial')

Financial Transparency Act



Financial
Transparency

C.R.S. 22-44-304

- Annual Budgets (BOTH Summary and Detail)
- Financial Audits
- Salary Schedules or Policies
- List of Waivers Received by Charter School
- Standardized Description and Rational for Each Automatic Waiver
- Federal Form 990, 990-EZ, or 990-PF and any associated schedules
- Link to Authorizing District's Financial Transparency Webpage:
http://www.csi.state.co.us/about_csi/financial_transparency
- Link to Financial Transparency Website View:
<https://coloradok12financialtransparency.com>

If your website is out of compliance (missing documents or not in the correct format), a notice of concern may be issued.

Financial Transparency Act



Resources:

- CDE Financial Transparency Guidance
- Standard Website Templates
 - Can be found at:
<https://www.cde.state.co.us/cdefinance/transparencywebpagecharterschools20180701>
- Other FTA Compliance Questions:
 - Allegra Matus 303-866-2856 AllegraMatus@csi.state.co.us



Fiscal Year-End Reporting

Annual Independent Audit Required

- Draft due Sept 28
- Final Due Oct 15

Assurances for Financial Accreditation

<https://www.cde.state.co.us/cdefinance/accreditation>

Compliance Checks

- TABOR reserve
- Negative ending unassigned fund balance
- Board Resolution Required when Expenditures > Revenue
- Actual expenditures \leq Budgeted Expenditures



Year-End Reporting – Year 0

Reporting requirements for Year 0 schools who received state or federal grant funding:

1. Audit Exemption due to Office of the State Auditor and CSI: 9/28

<http://www.leg.state.co.us/OSA/coauditor1.nsf/LocalGovPublic?openform>

2. Data Pipeline Submission due to CSI 10/15

**If staff is unfamiliar with the Data Pipeline submission
please have staff contact Cassie Walgren**



In Summary...

- More charter schools fail due to finance than any other single reason
- School Leaders have a fiduciary duty to safeguard public assets
- Without sound finances, education can't happen



In Summary...

- The tone at the top is critical to strong financial oversight
- Review your reports monthly
- ASK QUESTIONS!