



Best Practices – Periodic Financial Reporting

Department of Treasury

School Review and Fiscal Accountability Division

Friday, July 23, 2021

Agenda

- Welcome and Department Update
- Overview of Legislation
- Financial Status Reporting
 - Monthly Financial Status Report Template
 - Administrative Review Overview
- “Top Ten Errors”
- Questions
- Closing

SRFA Overview

The School Review and Fiscal Accountability (SRFA) Division is responsible for working with all of Michigan's school districts, including intermediate school districts (ISDs) and public-school academies (PSAs) to identify potential fiscal stress as defined by statute. The Division was created through the implementation of Public Acts 109-113 of 2015.

Key Functions

- Early Warning Identification
- Reporting and Monitoring
- Technical and Financial Assistance
- Engagement and Outreach

Financial Assessment

The Division is responsible for examining the fiscal health of districts through the evaluation of financial trends and key indicators of fiscal stress.

Financial conditions are assessed upon the review of:

- Board Approved Budgets
- Financial Statement Audit reports
- Enhanced deficit elimination plans (EDEP)
- Deficit elimination plans (DEP)
- Corrective Action Plans (CAP)
- Financial Information Database (FID)
- Center for Educational Performance and Information (CEPI)
- State Aid Reports

Fiscal Health Indicators

- Pupil Membership
- Staffing
- Net Change in General Fund Balance
- Ending General Fund Balance
- Grant Management
- Debt Service

Overview of Legislation

Legislative Authority

- Public Act 436 of 2012:
Local Financial Stability and Choice Act, to safeguard and assure financial accountability of local units of government and school districts.
- Public Act 109 of 2015:
Requires school districts reporting of budgetary assumptions and certain periodic financial status reports as part of early warning system.
- Public Act 110 of 2015:
Local Financial Stability and Choice Act requires a preliminary review to determine the existence of probable financial stress in school districts, requires under certain conditions and modify the state financial authority for certain school districts.

Legislative Authority (Continued)

- Public Act 111 of 2015:
Requires school district under certain conditions to provide an enhanced deficit elimination plan (EDEP).
- Public Act 112 of 2015:
The State School Act, provides the revised requirements for the deficit elimination plan.
- Public Act 113 of 2015:
Local Financial Stability Act, provides for placement of school district under the control of an emergency manager for failure to comply with the enhanced deficit elimination plan.

Monthly Financial Status Report Template

Monthly FSR - Instructions

- Contact Information
- EDEP Report (If applicable)
- EDEP Narrative (If applicable)
- Monthly Financial Status Report
- Cash Flow - Projection
- Cash Flow - Actual

Monthly FSR – Budget Analysis

- Budget Analysis
 - Original Budget
 - Amended Budget
 - Final Budget
- Budget to Actual Comparison
- Budget Variances

Cash Flow Analysis - Receipts

- Beginning Cash Balance
- State Aid
- Property Tax
- Interfund Transfers
- Short Term Borrowing
- Bond Proceeds
- Grant Revenue

Cash Flow Analysis - Disbursements

- Payroll
- ACH/Credit Card Payments
- Accounts Payable
- Purchased Services Healthcare
- ORS/MPSERS
- Interfund Transfers
- SAN Payment
- Estimated TAN Payment
- Debt Service

Administrative Review Overview

Administrative Review – Quarterly Report

- Current Fiscal Year Cash Flow Analysis
- 5 Year Budget Forecast
- Budget Policies
- 10 Year Enrollment Analysis
- 10 Year Staffing Analysis
- 10 Year General Fund Balance Analysis
- Recommendations to Eliminate Negative Trends
- Strategies to Eliminate Negative Trends
- Progress Made to Eliminate Negative Trends

“Top Ten Errors”

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1. Incomplete Tabs
2. Missing Data Fields/Incorrect Data Fields
3. Modifications to Template
4. Outdated Budget Data
5. Late Submissions

“Top Ten Errors”

6. Inaccurate Starting Fund Balance
7. Notes/Variance Explanations Left Blank
8. Incomplete Cash Flow Projection
9. Manual Calculations
10. Incomplete Interfund Transfers (GF)

Questions?

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