

NEW CHIEF FISCAL OFFICER/ TREASURER'S GUIDE

INTRODUCTION

Recognizing the importance of understanding school district finances, the Ohio Department of Education (ODE) has developed this guide to assist new treasurers in developing a general understanding of the role of a Chief Fiscal Officer/Treasurer's. Additionally, this document includes ODE's perspective of the analytical process of the requirements and expectations of a school district CFO/Treasurer.

An individual seeking a Chief Fiscal Officer/Treasurer's position must hold a valid license. A school district CFO/Treasurer is employed and accountable to the school district's board of education. A snapshot of the responsibilities include meet the many requirements of the law; work closely with the school district management team and County Auditor; advise the District Leadership Team on financial matters; develop, establish, and monitor fiscal management procedures; work with state legislators regarding issues affecting school district finances; and provide facts to all who would benefit for the good of the school district. The CFO/Treasurer must be viewed as an administrator and a valued employee as part of the administrative team.

PURPOSES/OBJECTIVES OF A NEW CFO/TREASURER

Following are at least four purposes and objectives of becoming a CFO/Treasurer

1. To follow the many requirements of the O.R.C. and O.A.C. laws informing the Board of Education of any new changes or updates concerning fiscal legislation.
2. To serve as an advisor to the Board of Education and the District Leadership Team regarding issues affecting school district finances.
3. To develop, implement, and monitor the accounting system for accuracy and efficiency.
4. To serve as secretary to the Board of Education which includes correspondence, recording and maintaining the minutes and resolutions in a legal file.

O.R.C., O.A.C., and R.C. REQUIREMENTS

1. At its organizational meeting, each board of education must elect a CFO/Treasurer to serve the school district in the performance of various statutorily prescribed duties. A person appointed to this position must hold a valid license issued in accordance with standards established by the State Board of Education. (RC 3313.22) The State Board of Education has adopted Ohio Standards for School Treasurers and School Business Managers posted on the Ohio Department of Education website.

2. Requirements for a School Treasurer license
 - A baccalaureate degree in business, three (3) semester hours in accounting, three (3) semester hours in school finance, OR
 - A baccalaureate degree in a non business area, nine (9) semester hours in accounting, three (3) semester hours in school law, and three (3) semester hours in school finance.
 - Field experience of 300-hour internship in a school treasurer's office, under the direct supervision of a licensed school treasurer. (3301-6-01)
3. The Board of Education of a school district at a regular or special meeting held not later than the first day of May, shall appoint a treasurer, who shall be the chief fiscal officer. The treasurer shall be appointed for a term not longer than five (5) years beginning the first (1) day of August and ending the thirty-first (31) day of July. (RC 3313.22)
4. Treasurer shall execute a bond payable to the state and deposited with the President of the board. (RC 3313.25)
5. Treasurer shall keep an account of all school funds of the district. (RC 3313.29)
6. Treasurer to perform all duties relating to moneys. (RC 3313.31)

DEFINITIONS AND OHIO REVISED CODE

Following are some definitions of terms commonly used by treasurers:

Tax Budget – (RC 5705.28) a school district's tax budget includes the period from first day of July through the thirtieth day of June. The budget must be adopted on or before January fifteenth and filed with the County Auditor by January twentieth. State statutes require that the budget document must include all anticipated receipts and expenditures. The document will include an estimate of receipts from other than general property taxes, including unencumbered balances; all anticipated necessary current expenses for the ensuing fiscal year by fund and classification; amounts necessary to pay final judgments; comparative data for the two previous years plus current fiscal year; the difference between contemplated expenditures and estimated receipts – the amount required from general property taxes; and estimate of amounts from taxes authorized to be levied in excess of the 10-mill limitation. This requirement may vary from county to county.

Official Certificate of Estimated Resources – (RC 5705.35) Budget Commission must certify to each school district, on or before the first day of March, the total estimated resources from each fund that are available for appropriation in the fiscal year, other than funds to be created by transfer, and a statement of the amount of the total tax duplicate of the school district to be used in the collection of taxes for the following calendar year.

Amended Certificate – (RC 5705.36) on or about the first day of each fiscal year, the fiscal officer of the school district shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget. The amount certified shall include any unencumbered balances that existed at the end of the preceding year. The total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

Appropriation Resolution – (RC 5705.38) The appropriation resolution is the final step by the board of education in the budget process. In Ohio, the board must annually approve the amounts for each appropriation fund that the board is responsible for on or before, but no later than October 1st, before any funds may be expended from that fund. If the board wishes to delay the adoption of its annual appropriation measure, it may adopt a temporary appropriation measure until October 1st. The temporary measure may provide for meeting the ordinary expenses of the district and amounts appropriated are chargeable to the final appropriation measure when adopted. The total amount appropriated by the board of education for each fund cannot exceed the latest total amount certified by the budget commission as available for each fund. Only the board of education has authority to appropriate funds and only the board can change or modify appropriation accounts of fund totals.

412 Certificates – (RC 5705.412) No school district shall adopt any appropriation measure, make any qualifying contract, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate, signed by the treasurer, president of the board of education, and the superintendent, that the school district has in effect the authorization to levy taxes including the renewal or replacement of existing levies which, when combined with the estimated revenue from all other sources available to the district at the time of certification, are sufficient to provide the operating revenues necessary to enable the district to maintain all personnel and programs for all the days set forth in its adopted school calendars for the current fiscal year and for a number of days in succeeding fiscal years equal to the number of days instruction was held or is scheduled for the current fiscal year.

H.B. 153 – H.B. 153 authorizes a school district to enter into a contract exceeding the lesser of \$500,000 or 1% of total revenue for the current fiscal year without certification indicating adequate revenue to cover the contract, as required under current law, if an alternative certification is made indicating that the contract (1) is a multi-year contract for materials, equipment, or nonpayroll services essential to the education program of the district, and (2) provides savings compared to a single year contract, allowing the district to reduce the deficit it is currently facing in future years.

Five-Year Forecast – (ORC 5705.391 and OAC 3301092-04) A five-year forecast is required of all city, local, exempted village, joint vocational school districts and community schools. The forecast requires three years of historical data, five years of projections, and a summary of key assumptions and must be approved by the local board of education. It must include the general fund and those funds that may impact the general fund balance. Districts must electronically submit both projections and assumptions to ODE by October 31st and update between April 1st and May 31st. ODE must examine the five-year forecasts and determine if a district has the potential to incur a deficit during the first three forecast years.

CFO/TREASURER RESPONSIBILITIES AND DUTIES

Every treasurer has the responsibility to complete specific duties in response to the contractual agreement with a board of education. Many of the duties are unwritten, but become necessary to make the operation function correctly and to assure good management.

- Record the proceedings of each meeting of the board, which must be read at the next succeeding meeting unless such reading is waived.
- On a monthly basis, the CFO/Treasurer must render to the board a financial statement showing all revenues, receipts, appropriations, expenditures, disbursements and the balance remaining in each appropriation.
- Required to sign all checks.
- Receive all funds on behalf of the district and deposit in designated depository.
- Act as the agent of the board of education in all dealings with the county auditor, county treasurer, and all other persons relating to the funds of the school district.
- Responsible for the financial affairs of the district.
- RC 5705.412 provides that no school district shall make any contracts, give an order involving the expenditure of money, or increase during any school year any wage or salary schedule unless a certificate is attached signed by the treasurer, superintendent, and president of the board of education.

BASIC KNOWLEDGE/BEST PRACTICES

- Develop a close working relationship with the board of education, superintendent, and the district leadership team.
- Understand the requirements of the “Sunshine Law”.
- Utilize the expertise of your county auditor and develop a positive relationship with their office.

- Know the steps to place a levy or bond issue on the ballot, the collection beginning and ending dates, and understand the current ballot language. Seek advice from the district's bond counsel for legal questions and procedures to follow.
- Review the district's millage rates, reduction factors, and effective millage.
- Contact your regions area coordinators and fiscal consultants for assistance.
- Work in harmony with the superintendent and board of education in development and implementation of the annual school budget and in financial planning.
- Have a general familiarity with the law governing the public schools and be aware of new legislation in the area of school finance.
- Attend conferences and seminars to keep up to date on the latest information.
- Develop, establish, and monitor the accounting system and payroll system to meet the district's needs.
- Prepare the amended certificate, budget, appropriations according to the certified amount of estimated resources.
- Update the amended certificate when changes occur in funds, revenue, or expenditures.
- Have a good understanding of the new Bridge Funding Formula.
- Projections and assumptions for the five-year forecast are very important in making the forecast a key management tool to help the district leadership team to be proactive in keeping the district solvent. Update on as needed basis beyond the requirement of the law.
- Have a basic knowledge of EMIS and the CCIP.
- Understand the requirements of modified accrual, GAAP, and GASB accounting.
- Understand the USAS coding and how it is used for funding and reporting for the report card, per pupil expenditures, and other State reports.
- Study the contents of the district's employee negotiated agreements.
- Be prepared to give input on negotiation proposals pertaining to finances. A major reason for the projections of the five-year forecast to be as accurate as possible.
- SM-1 and SM-2 are no longer required unless in fiscal oversight, but they are valuable reports for a new CFO/Treasurer. If the district prefers not to use the SM-1 and SM-2, a five-year forecast funds spreadsheet is a good tool for monitoring monthly and year to date receipts and expenditures.
- Initiate, establish, and audit good internal control.
- Follow your district's policy when in doubt seek counsel.
- Set up a special cost center in the general fund for capital improvement set asides.
- Seek and initiate cost-saving proposals.

- Organize a finance committee (include superintendent, one or two board members, principal or principals, community member, and yourself) to meet monthly or quarterly.
- Develop and carry out a vision for district financial improvement.
- Develop a personal district leadership capacity to understand the interactions of all communication skills.