



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

SFO[®] Certification Program



ASBO International's Mission

ASBO International's mission is to lead the profession of school business forward. Through our professional growth opportunities, programs, and services, we promote the highest standards of school business management practices. We provide a global network of support that enhances our members' ability to collaborate and lead with a global perspective. We are dedicated to supporting school business officials and providing the resources they need to effectively use educational resources—ultimately ensuring every student has the opportunity to receive a quality education.

SFO Commission Governance

ASBO International's certification program is governed by the Certification Commission, a semi-independent certifying body of the Association of School Business Officials International.

In adherence to best practices for certifying bodies, Certification Commission volunteers and certification staff are not involved in the development of any preparatory program, and no preparatory program is endorsed by the Certification Commission nor is a prerequisite to earn the certification.

The Certification Commission and its staff are solely responsible for the policies and administration of the certification program, including application procedures and qualification requirements.

What is the Certified Administrator of School Finance and Operations[®] (SFO[®])?

Developed by school business management professionals and supported by ASBO International, the Certified Administrator of School Finance and Operations[®] (SFO[®]) defines the essential skills and knowledge that every effective school business professional should possess and demonstrates to employers that you have real-world, practical expertise that can be readily applied to the current work environment.

The SFO is an international certification, recognized in the United States and Canada.

Why is the SFO certification valuable for school business officials?

The SFO can increase your earning potential by showing you've reached clearly defined career goals, which mobilizes you for future professional advancement and ranks you among the top-qualified professionals in your industry.

- Initiative, professionalism, dedication
- Career advancement
- Measure up to professional standards
- Recognition
- Instill confidence
- Continued professional development

Why is the SFO certification valuable to employers?

SFO certification tells employers which individuals have met high standards in education, knowledge, and experience.

- Proven knowledge and skills
- Capable of thinking critically
- Seasoned in school business practices
- Built public confidence
- Maintains high standards and ethics

Certification vs. Certificate

Professional or personnel certification is a voluntary process by which individuals' pre-acquired knowledge, skills, or competencies are evaluated against predetermined standards. The focus is on an assessment that is *independent* of a specific class, course, or other education/training program. Participants who demonstrate that they meet the standards by successfully completing the assessment process are granted the certification.

An assessment-based certificate program is a non-degree granting educational program that:

- (a) provides instruction and training to aid participants in acquiring specific knowledge, skills, and/or competencies associated with intended learning outcomes.
- (b) evaluates participants' achievement of the intended learning outcomes.
- (c) awards a certificate only to those participants who meet the performance, proficiency or passing standard for the assessment(s).

A certificate of attendance or participation is not the same as an assessment-based certificate.

A certificate of attendance/participation is provided to individuals (participants) who have attended or participated in classes, courses, or other education/training programs or events but did not have to demonstrate accomplishment of the intended learning outcomes.

Reference: [Institute for Credentialing Excellence](#)

Earning Your SFO



Gathering Information

- ASBO International SFO Certification webpage: www.asbointl.org/certification

The screenshot displays the ASBO International website's 'Certification' page. At the top left is the ASBO logo and the text 'ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL'. To the right is a green navigation bar with links for 'ADVERTISING & PARTNERSHIP', 'STORE', 'LOGOUT', and 'CONTACT US'. Below this is a search bar with a 'SEARCH' button. A main navigation menu includes 'About', 'Membership', 'ASBO Affiliates', 'Learning & Career Development' (highlighted), 'Meetings', 'Publications & News', 'Resources', and 'Network'. A breadcrumb trail shows 'Home > Learning & Career Development > Certification'. The left sidebar contains a 'CERTIFICATION' section with links for 'Application Process', 'Exam Information', 'SFO Certificants', 'Resources', and 'FAQs', followed by 'CAREER CENTRAL', 'AWARDS & SCHOLARSHIPS', 'EDUCATION ON DEMAND', 'PROFESSIONAL SKILLS ASSESSMENT', and 'PROFESSIONAL REGISTRATION'. A green button at the bottom of the sidebar reads 'The Value of Membership'. The main content area features the title 'Certification' with print and share icons, followed by the sub-header 'SFO: The Mark of a Professional'. The text describes the certification as developed by school business management professionals and supported by ASBO International, defining the essential skills and knowledge for school business professionals. It notes that the SFO is a national certification recognized in the US and Canada. Below this is the section 'The Value of SFO Certification', which states that SFO certificants have the expertise and credentials required by school districts. The final section, 'Certificants: Obtaining the SFO Certification—Why it's Important', explains that economic challenges make it crucial for school administrators to demonstrate financial management skills to their communities.

ASBO
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ADVERTISING & PARTNERSHIP STORE LOGOUT CONTACT US

Search SEARCH

About Membership ASBO Affiliates **Learning & Career Development** Meetings Publications & News Resources Network

Home Learning & Career Development Certification

OVERVIEW

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FAQs

CAREER CENTRAL

AWARDS & SCHOLARSHIPS

EDUCATION ON DEMAND

PROFESSIONAL SKILLS
ASSESSMENT

PROFESSIONAL
REGISTRATION

The Value of Membership

Certification

SFO: The Mark of a Professional

Developed by school business management professionals and supported by ASBO International, the Certified Administrator of School Finance and Operations® (SFO®) defines the essential skills and knowledge that every effective school business professional should possess and lets employers know that you have real-world, practical expertise that can be readily applied to the current work environment.

The SFO is a national certification, recognized in the United States and Canada.

The Value of SFO Certification

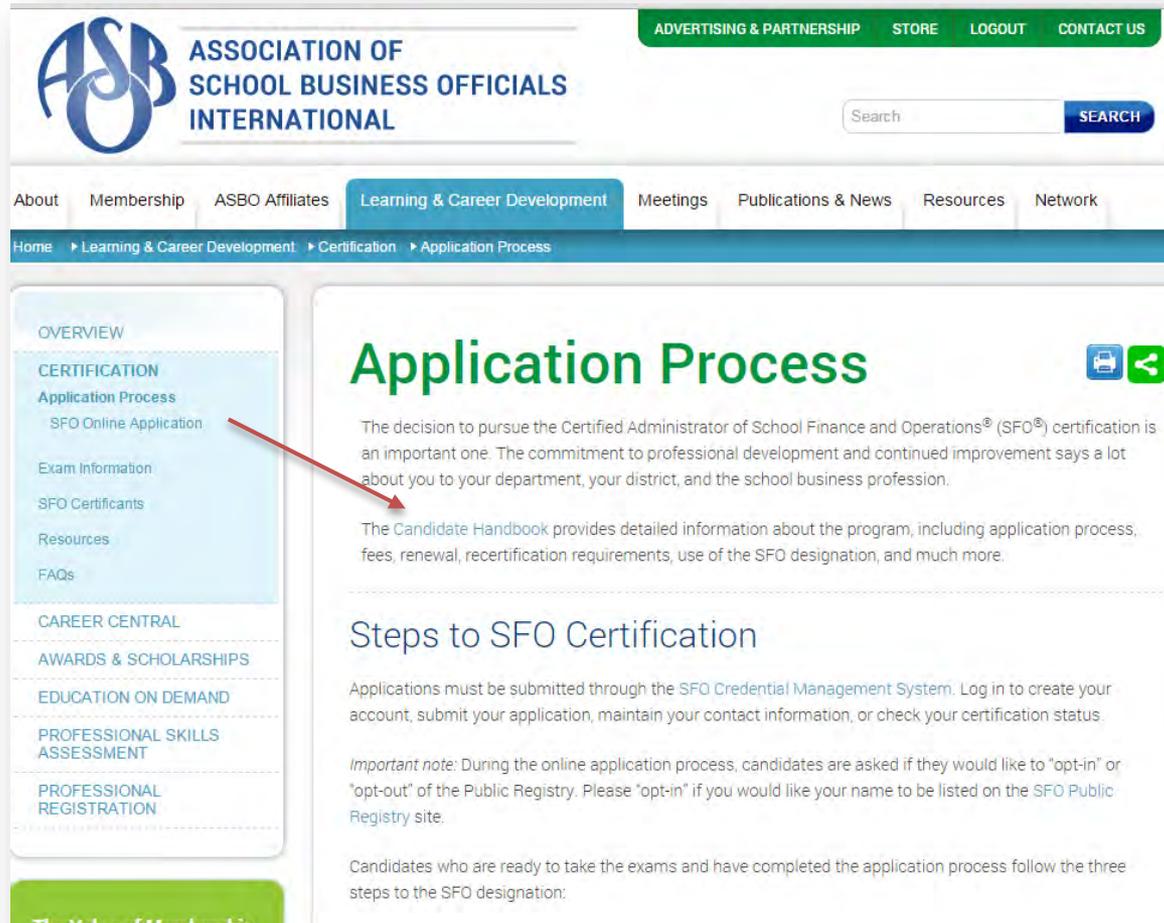
SFO certificants have the expertise, experience, and credentials school districts require. For employers looking at numerous applicants, SFO certificants' qualifications stand out.

Certificants: Obtaining the SFO Certification—Why it's Important

Economic challenges continue to have a huge impact on our schools and force difficult choices. In complex financial situations, it is important that you demonstrate to your community that the school's finances are managed by a knowledgeable and ethical administrator.

Gathering Information

- Read the SFO Candidate Handbook



ASBO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

ADVERTISING & PARTNERSHIP STORE LOGOUT CONTACT US

Search SEARCH

About Membership ASBO Affiliates **Learning & Career Development** Meetings Publications & News Resources Network

Home ▶ Learning & Career Development ▶ Certification ▶ Application Process

OVERVIEW

CERTIFICATION

Application Process

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Resources

FAQs

CAREER CENTRAL

AWARDS & SCHOLARSHIPS

EDUCATION ON DEMAND

PROFESSIONAL SKILLS ASSESSMENT

PROFESSIONAL REGISTRATION

Application Process

The decision to pursue the Certified Administrator of School Finance and Operations® (SFO®) certification is an important one. The commitment to professional development and continued improvement says a lot about you to your department, your district, and the school business profession.

The *Candidate Handbook* provides detailed information about the program, including application process, fees, renewal, recertification requirements, use of the SFO designation, and much more.

Steps to SFO Certification

Applications must be submitted through the *SFO Credential Management System*. Log in to create your account, submit your application, maintain your contact information, or check your certification status.

Important note: During the online application process, candidates are asked if they would like to "opt-in" or "opt-out" of the Public Registry. Please "opt-in" if you would like your name to be listed on the SFO Public Registry site.

Candidates who are ready to take the exams and have completed the application process follow the three steps to the SFO designation:

Certification Requirements

| Exam Part 1: Accounting | Exam Part 2: School Business Management |
|---|---|
| <ul style="list-style-type: none"> No education requirements No experience requirements | <ul style="list-style-type: none"> Completed master's degree + 2 years work experience as an SBO <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> Completed bachelor's degree + 3 years work experience as an SBO <p style="text-align: center;">OR</p> |
| | <ul style="list-style-type: none"> Seasoned practitioner (7+ years employment as an SBO, based upon approval) |
| <ul style="list-style-type: none"> 70 multiple-choice questions, 120 minutes | <ul style="list-style-type: none"> 100 multiple-choice questions, 150 minutes |
| <ul style="list-style-type: none"> Computer-based exam in English only | <ul style="list-style-type: none"> Computer-based exam in English only |

Certification Fees

| | Member | Non-Member |
|------------------------------------|--------|------------|
| SFO Application | \$150 | \$225 |
| Exam 1: Accounting | \$195 | \$195 |
| Exam 2: School Business Management | \$295 | \$295 |
| Annual Renewal Application | \$125 | \$125 |

Application Process

- Create a profile: www.asbointl.org/sfoprofile
- Click on the “*First Time User?*” link



ASBO International

ASBO HOME SFO HOME EDUCATION CONTACT

Welcome to Your SFO Credential Management System

Username

Password

Login

[First Time User?](#)

[Forgot your Username or Password?](#)

**Certified Administrator
of School Finance and Operations (SFO)**

Your SFO Credential Management System

Login to:

- Submit your application
- Update your profile
- Check your certification status
- Record your professional development
- Share your credentials with your school and others

Application Process

Terms of Use



Association of School Business
Officials International

Certified Administrator of School Finance and Operations (SFO)

Terms of Use

Candidate ID Agreement

Welcome to ASBO International and the ASBO International suite of certification programs.

As a first time user of this web site, we want to inform you of the steps required to set up an account and to emphasize the importance of keeping your contact information current.

After reviewing and agreeing to these terms, depending upon which link you click, you will eventually be taken to the "New Registration - Candidate Record" page to begin the account creation process by filling in personal information such as email address, employer and Partner Company (if this field is pre-filled in be sure to verify it is correct, if not simply change it to the correct partner company) and all the required fields or to the "Edit Personal Information" page to add or verify the Partner Company and complete all the required fields.

New users to the system will be issued a candidate ID and directed to complete the account activation process.

Be sure to keep all of your contact information current through the "Update Personal Info" link in order to ensure we can contact you as necessary (i.e. important emails, certification achievement kits)

Click on one of the following three links:

[I agree to these terms and want to register](#)

[I agree to these terms and have a Score Report](#)

[I agree to these terms and have a candidate ID and Username](#)

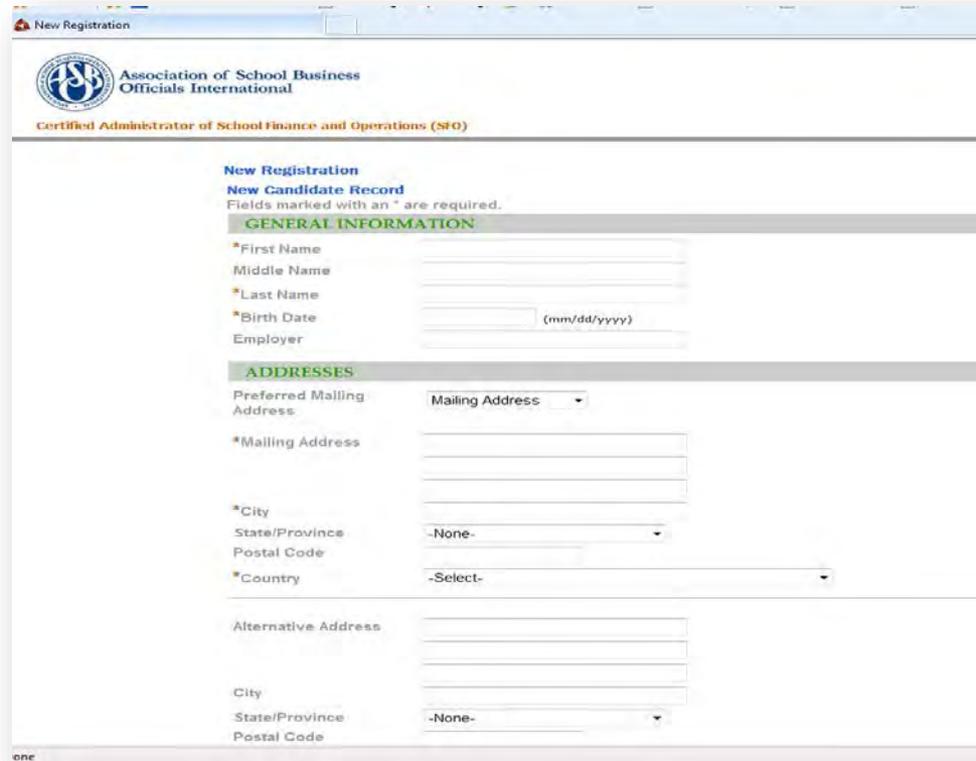
If you do not agree to these terms, simply close out or leave this browser page.

Proprietary & Confidential
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Powered by the Integral7 Credential Bureau
v.6.2.1007160718

Application Process

- Fill out personal information and required fields. Make sure your name matches the name that is found on your government-issued ID.
- You **will not** be allowed to enter the testing room if your full first, middle, and last names do not match exactly to your government-issued ID.



The screenshot shows a web browser window titled "New Registration" for the Association of School Business Officials International (ASBO). The page header includes the ASBO logo and the text "Association of School Business Officials International" and "Certified Administrator of School Finance and Operations (SFO)".

The main content area is titled "New Registration" and "New Candidate Record". Below this, it states "Fields marked with an * are required." and "GENERAL INFORMATION".

The "GENERAL INFORMATION" section includes the following fields:

- *First Name
- Middle Name
- *Last Name
- *Birth Date (format: mm/dd/yyyy)
- Employer

The "ADDRESSES" section includes the following fields:

- Preferred Mailing Address (with a "Mailing Address" dropdown menu)
- *Mailing Address
- *City
- State/Province (with a "-None-" dropdown menu)
- Postal Code
- *Country (with a "-Select-" dropdown menu)

Below the "ADDRESSES" section, there is an "Alternative Address" section with the following fields:

- Alternative Address
- City
- State/Province (with a "-None-" dropdown menu)
- Postal Code

The browser window title bar shows "New Registration" and the address bar shows "one".

Application Process

Candidate Landing Page



Association of School Business Officials International

Certified Administrator of School Finance and Operations (SFO)

LOGOUT

Logout

HOME

Home

My Summary

Personal Information

Update Personal Info

History

Order History

Change Password

Customer Service Request

CERTIFICATIONS

Certification Progress

Program Progress

Publish Credentials

DOWNLOAD CENTER

Download Center

HELP

FAQ

Contact Us

Customer Service History

FORMS

Complete a Form

Candidate Landing Page
Ben Candidate - PTIOASBO990000000100

YOUR SFO CREDENTIAL MANAGEMENT SYSTEM



Association of School Business Officials International

Certified Administrator of School Finance and Operations (SFO)



YOUR PERSONAL INFORMATION

Candidate Personal Information for Landing Page

Ben F. Candidate [Update](#)

123 Reston St

Reston, Virginia 20190

UNITED STATES

123-456-7890 [Change Password](#)

pweber@asbointl.org

Employer: **Test2**

YOUR SFO PROGRAM SUMMARY

SFO program information on landing page

| Program | Status | Status Date | Expiration Date | Certification Date |
|--|-----------|-------------|-----------------|--------------------|
| Certified Administrator of School Finance and Operations | enrolled | 07/12/2010 | | |
| ASBO Exam Part 1 Eligibility | certified | 07/19/2010 | 12/19/2010 | 07/19/2010 |

[Complete Program List](#)

Programs displayed in: **Red** are set to expire within the next 30 days. **Orange** are set to expire within the next 90 days. **Green** are set to expire in >90 days.

Application Process

Program Forms

- SFO Eligibility Application
- Exam Registration Forms
- Test Modification Forms

The screenshot displays the ASBO International application portal. The header includes the ASBO logo and the text "Association of School Business Officials International" and "Certified Administrator of School Finance and Operations (SFO)".

The left sidebar contains a navigation menu with the following sections:

- HOME**
 - Home
 - My Summary
 - Personal Information
 - Update Personal Info
 - History
 - Order History
 - Change Password
 - Customer Service Request
- CERTIFICATIONS**
 - Certification Progress
 - Program Progress
- INVESTIGATIONS**
 - Cases
- DOWNLOAD CENTER**
 - Download Center
- HELP**
 - FAQ
 - Contact Us
 - Customer Service History
- FORMS** (highlighted with a red arrow)
 - Complete a Form
 - Authorized Reviewer
 - Inbox
- ADVANCED**
 - Unmerge
 - Change Certification Status
 - Remove Results
 - Close Candidate

The main content area is titled "Select a Form" and shows the candidate name "Ben Candidate - PTI0ASBO99000000100". It has tabs for "New Forms", "In-Process Forms", and "Completed Forms". Below the tabs is a table with the following data:

| Form Title | Language |
|---|----------|
| Step 1 - SFO Eligibility Application: Beta test | |
| Step 2 - Exam Registration for Part 1: Accounting | |
| Step 3 - Exam Registration for Part 2: School Business Management | |
| Test Modification Form | |

Records 1 - 4 of 4.

At the bottom of the page, there is a footer with the text: "Proprietary & Confidential © All Rights Reserved, by Integrall7, Inc." and "Powered by the Integrall7 Credential Bureau v.6.9.1008131335".

Scheduling & Taking the Exam

- Eligibility email
 - Read the instructions in this email carefully.
 - Check your junk/spam folder if you do not receive the email within 24 hours
- Pearson VUE testing centers in the U.S. & Canada
 - Find a testing center near you:
<http://www.pearsonvue.com/pti/locate/>
- Directly schedule your exam(s) with Pearson VUE

The screenshot shows the Pearson VUE website interface. At the top, the Pearson logo and 'ALWAYS LEARNING' tagline are visible. Below the navigation bar, the page title is 'Certified Administrator of School Finance and Operations (SFO) by ASBO International'. The page includes a description of the certification, a list of requirements for scheduling, and contact information for ASBO International. A red arrow points from the 'Find a test center' link in the right-hand sidebar to the 'Find a test center' link in the main content area.

PEARSON ALWAYS LEARNING

PEARSON VUE Contact Us Language

You are here: Home > Test taker home > ASBO International

Certified Administrator of School Finance and Operations (SFO) by ASBO International

Coordinated through Professional Testing (PTI).

The Association of School Business Officials International offers a certified administrator of school finance and operations (SFO) program. The SFO certification is a mark of professional accomplishment, indicating the achievement and maintenance of knowledge and skills in school business management. This mark of distinction demonstrates your commitment to professional development, and will be recognized anywhere in North America. The certification examination includes two parts: *Part 1: Accounting* and *Part 2: School Business Management*.

Certification Application and Scheduling Information

Application Information

Before scheduling an examination appointment, you must have already:

1. Applied for the certification through the online *SFO Credential Management System*
2. Paid all corresponding fees to ASBO International at the time of application and exam registration
3. Received the *authorization* to test email from ASBO International with information about your eligibility to sit for the examination.

For more information, contact ASBO International, during normal business hours (U.S. Eastern Time) at (866) 682-2729 ext. 7071 or certification@asbointl.org.

Program Information

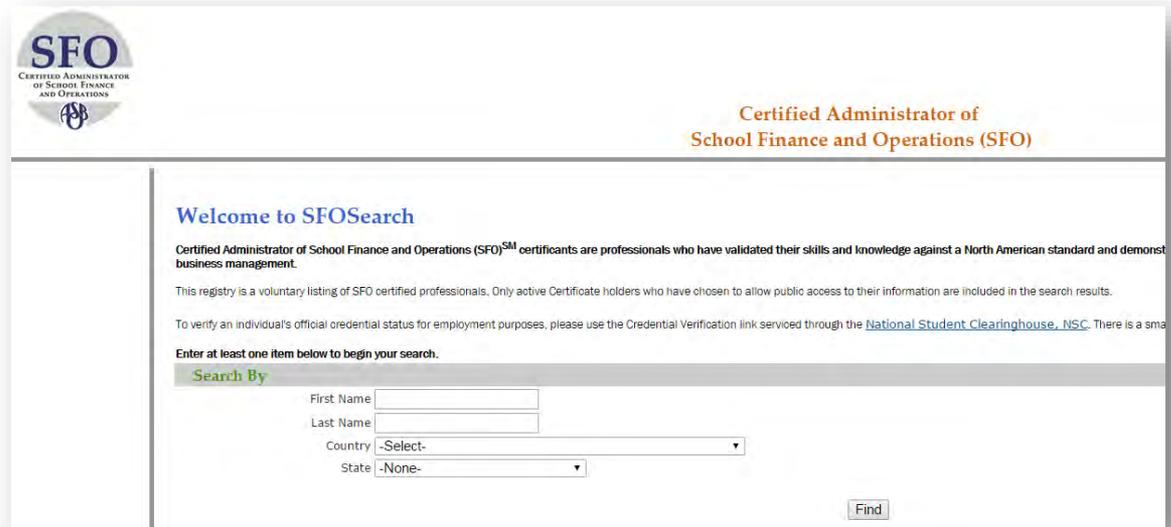
Details about the SFO program and the Candidate Handbook can be found on [ASBO International's web site](#).

To schedule, reschedule or cancel an exam:

- Sign in
- Create account
 - Forgot my username
 - Forgot my password
- Find a test center
- Find an on-base test center
- View exams
- Customer service
- Test accommodations

After the Exam

- Official certificate and lapel pin
- Recognition from your peers and employer
- Press release sent to superintendent, school board, and local press
- Use SFO® after your name
- SFO Public Registry at www.asbointl.org/sfosearch



The screenshot displays the SFO Public Registry website. At the top left is the SFO logo, which includes the text "SFO CERTIFIED ADMINISTRATOR OF SCHOOL FINANCE AND OPERATIONS" and the ASBO logo. To the right of the logo, the text "Certified Administrator of School Finance and Operations (SFO)" is displayed in orange. Below the header, the page is titled "Welcome to SFOsearch". A paragraph explains that SFOSM certificants are professionals who have validated their skills and knowledge against a North American standard and demonstrated business management. It also states that the registry is a voluntary listing of SFO certified professionals, and only active Certificate holders who have chosen to allow public access to their information are included in the search results. A note mentions that to verify an individual's official credential status for employment purposes, users should use the Credential Verification link serviced through the National Student Clearinghouse, NSC. Below this information, a section titled "Search By" contains a search form with the following fields: "First Name" (text input), "Last Name" (text input), "Country" (dropdown menu with "-Select-" selected), and "State" (dropdown menu with "-None-" selected). A "Find" button is located at the bottom right of the search form.

Renewal & Recertification

- Don't lose the certification you have worked so hard to earn!

RENEWAL

- SUBMIT ANNUAL RENEWAL APPLICATION & FEE

RECERTIFICATION

- EARN 45 SFO CONTACT HOURS EVERY 3 YEARS

Maintaining Your SFO Credentials

- **Annual Renewal**

To renew your certification, submit an annual renewal application, sign the Certification Code of Conduct, and pay a renewal fee of \$125.

- **Recertification**

Your certification is valid for three years, at which time you must apply for recertification. There are no fees associated with recertification.

The recertification requirements are to obtain and maintain documentation of 45 contact hours over the three-year recertification cycle (one contact hour equals 50 minutes of content.)

Resources

- SFO Certification Webpage
 - www.asbointl.org/certification
 - SFO Candidate Handbook
- SFO Credential Management System
 - www.asbointl.org/sfoprofile
- SFO Study Resources
 - www.asbointl.org/sforesources
 - Authoritative References List
 - Guide to Studying for the Examinations
 - Practice questions for Exam Part 1: Accounting
 - Practice questions for Exam Part 2: School Business Management
- SFO Study groups
 - Through an affiliate
 - ASBO International Annual Meeting & Expo

Spread the Word

- Attend the ASBO International Annual Meeting & Expo
 - Special SFO events for certificants
- Use social media
 - Join the conversation with your peers on [LinkedIn](#)
 - Share your experience, knowledge, and advice
 - Ask questions
- Volunteer
 - Influence, motivate, inspire

Contact Certification

Call us! 866.682.2729 (toll free for U.S.)

Email us! certification@asbintl.org

Visit us! www.asbintl.org/certification



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

Skills Refresher for ASBO International's SFO[®] Certification Exam



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SFO[®] Exam Content

Part 1

- Management of Accounting Systems
- Management of Accounting Functions

Part 2

- Financial Planning and Analysis
- Budgeting and Reporting Activities
- Risk Management Activities
- Management of School Facilities
- Management of Information Systems
- Management of Human Resource Functions
- Management of Ancillary Services



Management of Accounting Systems

Marvin Dereef, Jr., MAFM, SFO

Deputy Chief Financial Officer, Fulton County Schools, Atlanta, GA



What is an Accounting System?

Def. - A series of steps, either manual or automated, that records the transactions of a business, and provides the information for financial reports



Typical Accounting Flow

- Journalize the accounting transaction in special or general journal
- Post the transaction from the journal to a subsidiary ledger
- Post the total from the journal to the General Ledger (usually journals close into ledger at month end)
- Summarize the business events by preparing a trial balance



Automated Systems

3 steps:

- Record Transaction
- Update Master Data
- Generate reports (and support queries)

Password control is essential

Financial Definitions

- **Trial Balance** – list of all the general ledger accounts and their balances. The purpose of a trial balance is to prove that the value of all the debit balances equal the total of all the credit balances.
- **Balance Sheet** – reports assets, liabilities, and equity
- **Income Statement** – reports revenues and expenses during an accounting period

Basis of Accounting

- **Cash Basis** – revenues are recorded when cash is received, and expenses are recorded when cash is paid
- **Accrual Basis**– revenues are recognized when earned and expenses are recognized when a liability is incurred

Due to/Due from

- Balance monthly
- Examples:
 - Internal services funds
 - Field trip costs
 - Other interfund transfers
 - State aid “settle up”

Online Communications Technology

Communication networks range from those designed to link a few computers, to the internet which links most of the world's computers together

Online Communications Technology

LAN (Local-area network): links several different local user machines with printers, databases, and shared devices

WAN (Wide-area network): links distributed users and local networks into an integrated communications network

Web browsers: software designed to allow users to easily view various documents and data sources available on the Internet

Online Communications Technology

Intranet: mini internal equivalent to the Internet, links an organization's internal documents and databases that are accessible via Web browsers or internally developed software

Extranet: expanding access to a company's intranet to external, trusted partners

Documentation – Internal Controls

- **Sarbanes-Oxley Act of 2002** requires that organizations document internal controls over their financial reporting processes
- This documentation helps the organization know the flow of transactions through the accounting system, helps identify which areas have implemented internal controls, and can identify areas of control gaps that need to be addressed

Documentation

- Written procedures

- Flowcharts:

***Data flow diagrams**, which portray business process activities , storage of data, and flows of data*

***Systems flowcharts** present a comprehensive picture of the management operations, information systems, and process controls present in the business processes*

Fraud

Three factors are generally necessary for fraud to occur:

1. Pressure (motivation)
2. Opportunity
3. Rationalization

Often referred to as the “fraud triangle”

Fraud

- Understand what can happen –common fraud schemes
- Identify red flags to look for
- Test for the red- flag type activities

Fraud Prevention

- Especially in periods of tight money, it is important to maintain absolute integrity
- Develop and promote a district-wide culture of honesty (tone at the top)
- Dual controls-minimum of two people involved in all aspects of monetary responsibilities
- Sign offs and cross checks
- Secure passwords
- Fraud reporting process in place-internal employee, external customer tips, fraud hot line, etc.

Fraud Prevention

- External audit not designed to disclose
- Internal audit function
- Metrics to indicate anomalies
- Exception reports
- Override authority/ sharing passwords
- Multiple employees with same deposit account

Q & A Time!



Quiz Time!

What is an important consideration when developing a data recovery backup plan?

- A. The backup information will be securely stored on a separate server in the same location with the capability to run the software
- B. The backup information will be securely stored in an offsite location with the capability to run the software at an alternate location
- C. The backup information will be securely stored and accessible only to individuals who have the technical knowledge to run the software
- D. The backup information will be securely stored and accessible to a third-party vendor who has the technical knowledge to run the software

Answer

What is an important consideration when developing a data recovery backup plan?

- A. The backup information will be securely stored on a separate server in the same location with the capability to run the software
- B. The backup information will be securely stored in an offsite location with the capability to run the software at an alternate location**
- C. The backup information will be securely stored and accessible only to individuals who have the technical knowledge to run the software
- D. The backup information will be securely stored and accessible to a third-party vendor who has the technical knowledge to run the software

Quiz Time!

What information does the Management's Discussion and Analysis (MD&A) provide?

- A. A statement that compares current-year revenues received with expenditures for the same time period on a fund-by-fund basis
- B. A management report including all financial transactions on an accrual basis accounting
- C. A narrative introduction and overview to the annual financial statements prepared by school district personnel
- D. An opinion of the auditor as to the viability of the school district

Answer

What information does the Management's Discussion and Analysis (MD&A) provide?

- A. A statement that compares current-year revenues received with expenditures for the same time period on a fund-by-fund basis
- B. A management report including all financial transactions on an accrual basis accounting
- C. A narrative introduction and overview to the annual financial statements prepared by school district personnel**
- D. An opinion of the auditor as to the viability of the school district

Quiz Time!

In an organization with no central purchasing function, who should be responsible for general ledger coding of purchase requisitions?

- A. The individual who is responsible for paying the invoice
- B. The individual who is responsible for receiving the merchandise
- C. The individual responsible for managing the specific budget being accessed
- D. The individual consuming the merchandise

Answer

In an organization with no central purchasing function, who should be responsible for general ledger coding of purchase requisitions?

- A. The individual who is responsible for paying the invoice
- B. The individual who is responsible for receiving the merchandise
- C. The individual responsible for managing the specific budget being accessed**
- D. The individual consuming the merchandise

Quiz Time!

What accounts appear on a balance sheet?

- A. Income, assets, and liabilities
- B. Assets, liabilities, and equity
- C. Income, expenses, and equity
- D. Assets, expenses, and equity

Answer

What accounts appear on a balance sheet?

- A. Income, assets, and liabilities
- B. Assets, liabilities, and equity**
- C. Income, expenses, and equity
- D. Assets, expenses, and equity

Management of Accounting Functions

Ann C. Williams, Ed.D., SFO

Assistant Superintendent of Business/Chief School Business Official
Crete-Monee Community School District 201-U, Crete, IL



Manage Payroll Functions

- The greatest portion of the price of education is concentrated in the form of personnel
- Education is labor intensive
- Personnel costs make up 80-90% of most school budgets

Personnel Costs

- Personnel costs are the single most expensive (and most important) item in school budgets
- After estimating enrollment and envisioning programs, costing out salaries is the next most important task in successfully balancing revenues and expenditures
- A demographer may be needed to assist with studying the population and student growth of your district

Determining Staffing Needs

- Enrollment drives staffing
- Ability to properly determine staffing needs is a function of organizing and using information about the district and its current and prospective staff
- Projections indicating a need for new staff require budget input

Determining Staffing Needs

- Hiring decisions must be coordinated with the budget office, which must find money for salaries
- Must determine if budget constraints will allow for additional staff to be hired
- If so, consider whether the district should hire beginning teachers or whether it can afford more experienced staff

Data Input

- As the hiring decisions are made, and the staff member's payroll information is processed, it is critical that data be correctly entered into the payroll system
- There are many items pertaining to compensation that must be accurately keyed into the system, for a person's pay and benefits to be correct

Compensation

- Employee compensation includes negotiated benefits such as teacher's retirement, defined contribution plans and various kinds of insurance
- Compensation also includes employer costs for workers' compensation coverage, unemployment insurance, and social security

Pay Tables And Deduction Codes

- One of the most critical functions of the payroll office is to ensure that pay tables and deduction codes are set up and the percentages entered correctly into the payroll software
- It doesn't matter if you've entered the staff person's correct pay step into the computer.
- If the pay step amount is not correct in the computer, underpays or overpays will occur.

Benefits/Other Compensation

- Leave balances available to employees are handled either by regular accruals, or by days given on an annual basis or some other benchmark in the employment process
- A system must be in place for all leave requests so proper reduction of leave balances occurs, or pay docks are processed, if no leave is available

Checks and Balances

- Payroll oversight entails making sure that the amounts paid are correct, and that the benefit calculations are accurately figured
- Deduction registers should be scrutinized for reasonableness
- Random sampling should be performed to check % calculations

Salary Payment Options

- There are many different categories of employees that work in a school system, and often their start dates and contract days vary
- Many districts require 10 month employees receive their annualized pay over 12 months, to handle monthly insurance premiums or annuity deductions that continue on a year-round basis

Salary Payment Options

- Summer checks run in June (July and August checks that are for salaries to be charged in current fiscal year) will have taxes, retirement payments and other deductions withheld
- Payment of these deductions require close supervision to ensure paid in the right month and paid by certain deadlines

Manage Accounts Receivable

- The purpose of Accounts Receivable is to track revenues that are not yet received by the District
- Procedures should be set in place to accumulate, categorize, report and control revenues due the district

Manage Accounts Receivable

- Procedures and practices should remain the same across time and reports.
- If differences occur, they should be due to substantive differences in the events and conditions reported rather than because of arbitrary accruals

Manage Accounts Receivable

- The Accounts Receivable function can provide a method for accruing revenues earned for a certain period, for consistency and comparative analysis to that same period the year before.

Manage Purchasing Process

- Accountability for public money is backbone of purchasing
- Procedures must be in place that focus on getting the best bang for the buck with taxpayer funds
- As long as procedures are outlined and followed, then substantiation for purchasing decisions will be in place

How Districts Procure Goods and Services

- The District obtains quotes, at the appropriate dollar threshold, on items to be purchased and then creates purchase orders to award the contracts based on Board of Education approval
- Requisition system-used to acquire goods/services by purchase order and verify budget authority
- Purchase order – legal authority to spend
- Contracts - to delineate specific terms
- Districts should purchase from responsible business entities.

Purchasing Process

Bidding

- Public notice normally 10 to 20 days before
- All bids must be sealed
- All bids must be opened during a public bid opening where the contents are announced
- Bids should be awarded to the lowest responsible bidder who conforms in all material aspects to the requirements and criteria set in the invitation to bid

Request for Proposals - often used for services

Options for Purchasing

- Quotes from vendors
- State Contract pricing
- National Purchasing cooperatives
 - US Communities
 - NJPA (National Joint Powers Alliance)

allow participating governmental and municipal agencies to reduce the cost of purchased goods by leveraging their combined purchasing power.

Q & A Time!



Quiz Time!

What information is required to process an accounts payable invoice for payment?

- A. Verified budget authority for item, accuracy of price, items received, and correct account code
- B. Accuracy with purchase order price, amount ordered, and correct account code
- C. Verified receipt of goods, price charged, and correct account code
- D. Authorization to pay, goods received, accurate pricing, and correct account code

Answer

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Quiz Time!

What procedure should be in place for collection of unpaid accounts?

- A. Prepare an aging list by customer and send letters, email, or call regarding collection on past due accounts
- B. Immediately refuse any future services until the bill is paid
- C. Prepare an aging list by customer and publish it in the local newspaper
- D. Keep the invoices on the books and wait for payment

Answer

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Quiz Time!

To assure proper internal controls when processing timesheets for payment, what information is needed in addition to time worked and rate of pay?

- A. Budget authority, amount approved, and employee signature
- B. Account code, description of work completed, and employee signature
- C. Supervisor approval, employee signature, and account code
- D. Budget authority, source of funds, and account code

Answer

To assure proper internal controls when processing timesheets for payment, what information is needed in addition to time worked and rate of pay?

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Quiz Time!

Request for Proposals (RFP) must include which of the following items?

- A. Payment terms
- B. Project budget
- C. Proposal due date
- D. Manufacturer and brand

Answer

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Management of Accounting Functions

- Manage Annual Budgets
- Prepare Financial Reports
- Manage Cash Flow
- Managing Activity Accounts
- GASB

Know Your Funds

- **Governmental Funds**

- **General Fund**
- **Special Revenue Fund**
- **Capital Projects Fund**
- **Debt Service Fund**

- **Proprietary Funds**

- **Enterprise Fund**
- **Internal Service Fund**

Know Your Funds

Fiduciary Funds

- Pension Fund
- Investment Fund
- Private Purpose Fund
- Agency Fund

Manage Budgets

What is a budget?

An educational plan that....

- Satisfies requirements of state, local and federal governments
- Provides both expending and taxing authority
- Estimate of revenues and expenditures
- Provides a tool to measure fiscal performance
- Attempts to accomplish the financial goals of the Board of Education and its stakeholders
- It's an estimate.

Manage Budgets

Philosophies

Business as usual

Student Based

Zero Based

Site Based

Program Based

Incremental

Combination of the above

Manage Budgets

Begin with assumptions

- State and federal government budget projections
- Tax cap, if applicable
- Contractual obligations (collective bargaining agreements, vendor contracts, etc.)
- Programmatic changes
- Staffing changes
- Non-routine expenditures (e.g., textbooks, uniforms)
- Technology needs
- Capital projects/expenditures

Manage Budgets

Budget revenue

- Local
- State
- Federal
 - Difficult to forecast and budget
 - Review historical trends
 - Know the program or population being served
 - Federal Grants are potentially difficult to budget because of the timing of approvals

Manage Budgets

Budget expenses

Review assumptions on key budget drivers, make additional assumptions and collect other expense related information, including:

Current and projected enrollment

- Trend analysis
- Cohort survival

Current and projected number of employees

Status of negotiations

Current fiscal year – year to date results

Limitations imposed by revenue projections

Manage Budgets

Budget expenses

- Salaries
- Benefits
- Purchased Services
- Supplies & Materials
- Capital Outlay
- Other Objects
- Out of district tuition (e.g., special ed)



Manage Budgets

Estimating expenditures

- **Identify programs and functions**
- **Determine types and quantities of resources needed**
- **Estimate costs of each program or function**
- **Consider the teacher contract**
 - How much schedule movement can you anticipate?
 - Is there a new Master's program in town?

Manage Budgets

Continuum for budget reduction

- Obtain reduced prices for services
- Defer spending
- Make across the board cuts
- Eliminate “non-essential” services
- Reduce instructional positions and programs

Manage Budgets

Reductions through improved efficiencies

- Energy conservation
- Risk management
- Purchasing
- Privatization
- Training for operations/support staff
- Use of more efficient equipment
- Early retirement plans
- Lower salary increases
- Lower cash carryover (working cash)

Manage Budgets

Budgeting Adjustments

- Budget reductions due to program reductions
 - Reduce instruction staff
 - Reduce course offerings
 - Reduce support staff
 - Reduce non essential services

Manage Budgets

Reductions are inevitable, but how can we increase revenues to avoid cuts?

Charge for services provided

- Facility use by others (pool, auditorium, etc.)
- Parking

Charge for non academic services

- Transportation (if not mandated)
- Private sector support
- Volunteers

Manage Budgets

The budget is “done”, the year is almost over, what now?

- Compare budget to actuals
 - Are actual expenditures within the budgeted amount?
 - How much is left to spend?
- Look at encumbrances

Preparing Financial Reports

- Accountability
- Transparency
- Environment of trust
- Reporting is dependant on the needs of the stakeholders
- How do you present your budget?
 - PowerPoint presentation?
 - Executive Summary?
 - Detailed spreadsheet?

Preparing Financial Reports

- Consider the Budget at a Glance reporting
- Consider Performance reporting at various levels
 - School and Department Level budgets
 - Be considered for national budget awards
 - ASBO, GFOA
 - Set the professional standard for your school district

Managing Cash Flow

- Determine cash on hand requirements
- Cash on Hand Liquidity Test = projected estimate of the number of days a district could meet operating expenditures provided no additional revenues were received.
- Review historical cash flow patterns
- Evaluate anticipated changes in patterns (recession)
- Establish Board policy
- Create plan to build fund balances over time

Managing Cash Flow

Cash vs. Accrual

- Cash

- Recognizes revenue when received
- Recognizes expenses when paid

- Accrual

- Recognizes revenue before it is received
- Recognizes expenses when they are incurred

- Modified accrual

- Recognizes revenue when it becomes available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred.

Which method is better for your district? Why?

Student Activity Accounts

- **Activity account**

- ONLY benefit students
- Owned, operated, and managed by organizations within the student body under the guidance of a faculty member

- **Convenience account**

- For faculty, staff, parent organizations, or similar non-student groups
- Maintained by the district

Student Activity Accounts

School Board responsibilities

- Approve the establishment and purpose of each activity fund
- Set policy for student participation and adult supervision of funds
- Appoint a treasurer to oversee funds
- Ensure appropriate recordkeeping

Treasurer responsibilities

- Consistent with district funds

GASB - Governmental Accounting Standards Board

GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions

- Clarifies fund types (general, special revenue, debt service, capital projects) and their use
- Revises how balances are reported
 - **Non-spendable fund balance**
 - **Restricted fund balance**
 - **Committed fund balance**
 - **Assigned fund balance**
 - **Unassigned fund balance**

GASB - Governmental Accounting Standards Board

GASB 67 Financial Reporting for Pension Plans

GASB 68 Accounting and Financial Reporting for Pensions – for cities, counties, and state

- Some say the biggest thing since GASB 34!
- Accounting for Cost-Sharing Plans (n/a for single employer)
- Placing the Net Pension liability on the Balance Sheet

Find out more about GASB at ...



<http://www.gasb.org/st/summary/gstsm54.html>

Q & A Time!



Quiz Time!

What factors should be considered in managing the budget for the year?

- A. Compare current year's revenues and expenditures to a 10-year average for consistency
- B. Compare estimated revenues and expenditures to projected actual revenue and expenditures for the year
- C. Compare current year's revenues and expenditures to last year's to determine if the budget is on track
- D. Compare current year's budget to other school district budgets in the state [province] to check for consistency

Answer

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Quiz Time!

What is an example of a "proprietary fund"?

- A. A trust fund
- B. A general fund
- C. A capital projects fund
- D. An enterprise fund

Answer

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Quiz Time!

What activities affect cash flow?

- A. Investing and timing of receipts
- B. Budgeting and timing of receipts
- C. Depreciation of assets and investing
- D. Financing and depreciation of assets

Answer

What activities affect cash flow?

A. Investing and timing of receipts

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Quiz Time!

What information should be provided in a financial report so the governing body can determine the local education agency's [authority's] financial position?

- A. A comparison of budget to actual revenues and expenditures and fund balance
- B. A comparison of current year budget to prior year budget
- C. A comparison of expenditures that have been approved by the school board
- D. A comprehensive comparison of revenues and expenditures for the current year

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Financial Planning and Analysis

Marvin Dereef, Jr., MAFM, SFO

Deputy Chief Financial Officer, Fulton County Schools, Atlanta, GA



Serve as School Leader

- Represent the district on financial matters
- Community
- Budget
- “Data-driven” analytical resource
- Legislature
- Bond ratings

Some Questions to Ponder

- What does it cost us to reduce by one child per elementary/middle/high school? What is your overall teacher-pupil ratio? How does it compare to similar districts?
- How do your function costs compare to other similar/state/provincial districts?
- How do your budget expenditures tie to the organization's stated mission?

Leadership

- “You are a fund balance manager”
- Awareness of financial trends in your state, province, or region
- Long term planning- multi-year projections
- What are the demographic trends being seen in your district, and what are the cost implications?

Legislation

- How often does the governing legislature meet?
- Is your state/ province financial system stable or constantly being changed? What data resources are available to you?

Telling Your Story

- Be ready with talking points at all times: necessary for community and elected representatives
- Be ready to provide cost data, as legislators may call on you for immediate answers when they are deliberating new laws/requirements
- Demographic trends

Financial Impact of Strategic Planning Goals

- Know ahead of time what a program is likely to cost: have key metrics
- Involves working closely with program developers, particularly Curriculum
- An example:
 - Science scores need to improve
 - Pilot run, funded at \$120,000 to provide regular rotation of science kits by grade level

Example of Budget Costs for Strategic Objective: Improve Science Scores

- Added Science materials Center Manager
- Purchased building
- Purchased initial start up supplies for kits, expanded each year
- Courier cost was absorbed in current mail delivery model
- Science scores show great improvement at all levels

Sample Goal: Want Latest Technology for Students

- Operational definition: “Latest” (Best? Newest?)
- TCO: Total cost of ownership (CoSN model)
- What are the direct costs of the goal?(Teacher training? Other staff to support the equipment? R and D to identify the proper technologies, space - small classrooms?, computers and peripherals, supplies - more printing - e.g., paper, toner, training, energy, opportunity cost)—What else are we giving up?
- Capital refreshment cycle
- Bring Your Own Technology (BYOT)

Develop Financial Goals

- Operating cost per student
- Cost of teacher starting salaries to be highest in region
- Fund balance policy, if not prescribed by law
- Cost of support (metrics: cost per square foot to maintain, clean, landscape)
- Long-term strategies: 10 year facilities plan

Other Financial Goals

- Tax Rate Control?
- Long-term replacement plans (buses, copiers, technology refreshment, musical instruments)
- Construction of facilities: green initiatives (LEED)
- Staff Development
- Can you point to resources in the budget that demonstrate commitment to strategic goals?

Evaluate Funding Options for Debt Management

- Typically, highly regulated...you need an attorney and a financial advisor
- Bond programs require a long-term strategy
- Including community involvement, education, identification of essential projects, recognition of failing existing building systems (roofs, HVAC, e.g.), Informational materials for the general community, tax election
- Lease vs. Buy (consider state aid funding mechanisms)

Funding Options for Debt Management

The following are various forms of securities, which may not be legal in your state or province

- **General Obligation Bonds**
- **CIBs (Current Interest Bonds)**
- **CABs (Capital Appreciation bonds)**
- **RANs and TANs (Revenue and Tax Anticipation Notes-not for raising capital, only for cash management)**
- **Leasing (may or may not be legal in your state/province)**
- **Budget Notes, Public Property Finance Contractual Obligations (PPFCOs), Lease Revenue Obligations (public facility corporation is created which issues)**
- **Time Warrants**
- **Maintenance Notes, Delinquent Tax Notes, Stadium Revenue Notes, Refunding Bonds**

Lease vs. Buy

- Calculate the total cost of ownership
- Calculate the cost of leasing
- Which is a better economic value?
- Which poses more risk? (for example, if you lease, what happens if your budget cannot sustain?)
- **NON-APPROPRIATIONS** clauses-include in all contracts

Contract Management as Financial Tool

- Central review of all documents which bind the district
- Be sure that someone does not “lease” what is actually a lease-purchase capital acquisition if your state does not permit such acquisitions

Develop Outside Funding Sources

- Financial advisor
- Grants- cost/benefit analysis (monitor cash request submissions)
- Donors
- Foundations (MOUs)
- Fund raising (internal controls)
- Wise investments

Economic Factors

- Slower housing may lead to slower growth in enrollment (or not! More nuclear families in one domicile)
- Unemployment may key slower tax collections (what are you using for collection rate?)

Analyze Demographic Data

- What is your cohort survival at each grade level?
- Are your lower grades more populous than your higher grades?
- What is your free/reduced percentage over time?
- Are you enrolling more harder-to-educate youngsters? What impact will that have on your costs? On your general programs?

Analyze Demographic Data

- Housing: any new starts? Foreclosures?
- From city planning departments: Plat approvals
- Inventory of homes: size in square feet, number of bedrooms, starter vs. move-up
- Apartments
- “Recycling” of neighborhoods (children grow up, house sells, new family with new children)

Develop Multi-year Forecast

- Use Excel as an easy tool for this
- Identify major budget drivers: enrollment, property value, income (if part of the state aid equation)
- Identify major budget costs:
 - Personnel (staffing ratios) , Operating metrics (cost per square foot or student or 'x')
 - Other: energy, support costs, equipment refreshment

Multi-year Forecasting

- Important to understand how various components affect your state aid calculations
- Look at least three years ahead on your debt rate, do you need to smooth it out?
- If operating rate is concern, look at combination of both tax rates (debt and operating), consider timed application of fund balance, if available

Tax Collections

- Know the local tax office officials
- Have there been any property value appraisal studies?
- Based on longitudinal data, estimate tax collections. Consider last three years, last five, last ten. If the economy is changing, shorten the comparison years.

Q & A Time!



Quiz Time!

New construction, personal income, and retail sales are indicators in which kind of forecast?

- A. Economic
- B. Enrollment
- C. Educational programming
- D. Environmental impact

Answer

New construction, personal income, and retail sales are indicators in which kind of forecast?

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Quiz Time!

Which is the leading indicator of the financial health of a school district?

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- B. Property tax valuations within the local district
- C. Undesignated fund balance
- D. Total assets

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Quiz Time!

What is the best way to find an advisor for financing a capital improvement program?

- A. Through a Request for Proposal (RFP) process
- B. Request that the architect recommend a financial advisor
- C. Through referrals from the school board
- D. Request that the local bank recommend a financial advisor

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