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DATE: November 25, 2008

TO: Board Members of Charter Public School Academies

FROM: Patrick M. Sweeney, CPA

RE: Board focus points

Many of our board members ask what their responsibilities should revolve around and what sort of items should be focused on. Based upon our experiences of working with many boards over the last eleven years we have bulleted items that give board members some guidance as to what they should reasonably expect to see and analyze on a monthly and yearly basis. In addition there are tips for overall focus:

Monthly basis:

- Board packet that includes various reports as to the ongoing activities of the Academy. These may include:
 - Balance sheets and income statements
 - Comparison of actual versus budgeted revenues and expenditures
 - Cash flow that has historical and projected amounts
 - Business managers report
- Some idea of the types of transactions the Academy has entered into over the past month. This can be accomplished by viewing:
 - Check registers
 - Bank reconciliations
 - Listing of vendors and balances that are still owed money
- Evaluation of reports which may include:
 - Reviewing of cash flow for future cash shortages
 - Scan actual versus budgeted revenues and expenditures for overspending and potentially the need for budget amendments
 - Be wary of and ask questions about big increases or decreases that are not consistent with previous months

Yearly basis

- Prior to June 30
 - Verify that all amounts are under budget per State law
 - Adopt a budget for the new / upcoming year
- Year end audit
 - Require auditor to come to meeting to present final results
 - Evaluate for:
 - Cash position as of end of year
 - Fund balance as of end of year
 - Subsidies to other funds
 - Debt costs on a per pupil basis
 - Reported problems in internal control
 - Other management letter comments
 - Consider other ratios
- Review need for short term borrowings

Successful boards DO:

- Focus on long term positioning and overall health of school (macro not micro)
- Rely on management to perform daily tasks
- Hire and utilize professionals as needed and do not necessarily base decisions on price alone
- Take time to become educated on:
 - Nuances that are applicable to charters
 - How to read and understand financial reports
 - Other aspects of board governance
- Ask questions in order to fully understand situations
- Trust your gut: If something smells bad it probably is

The above analysis is generic to most charter schools in Michigan. We would be more than happy to discuss a tailored training session that would be specific to your school. Please feel free to contact us if you would like to set up a free consultation to explore your needs and how we may be able to provide education so that your board can operate efficiently and effectively.