

SAMPLE OSPI RESPONSE

Month, Day, 1997

Dr./Mr./Ms. _____, Superintendent
_____ School District No. _____
Street Address
City, State, Zip

Dear Mr./Ms. _____:

The petition by the _____ School District Board of Directors to include receivables collectible in future periods in the FY 1996-97 General Fund Budget is hereby approved in the amount of \$_____.

The proposed General Fund Budget Extension for FY 1996-97 and the general financial condition of the school district have been reviewed. We view the current financial position of the district as serious. The revised budgeted expenditures exceed the current year's revenues and consume all of the district's fund balance, plus \$_____ of receivables.

Reductions in expenditures must be made to balance the FY 1997-98 Budget. The responsibility for administering the conditions as set forth below are assigned to Mr./Ms. _____, Fiscal Officer, _____ Educational Service District.

In accordance with RCW 28A.505.110, the following binding conditions are placed upon the _____ School District:

Fund Balance:

1. The total fund balance cannot be negative by more than \$_____ at August 31, 1997.
2. Fund balance reserves (including the reserve for inventory) are to be maintained at the appropriate amounts. The total amount of actual revenue received from the county treasurer in Revenue Account 3600 - State Forest for the months of July and August 1997 must be classified as a reservation of fund balance, in General Ledger Account 810 - Reserved for Other Items, as reported on the district's Annual Financial Statements at August 31, 1997.
3. The General Fund unreserved fund balance must be positive by August 31, 1998.

Deferred Revenue:

The total amount of actual revenue received from the county treasurer in Revenue Account 3600 - State Forest for the months of July and August 1998 must be classified as a General Fund Liability, in the General Ledger Account 750 - Deferred Revenue, as reported on the district's Annual Financial Statements at August 31, 1998.

Cash Management

1. An emergency advance of apportionment may be requested, if necessary, by school board resolution at an August 1997 board meeting for the fiscal year starting September 1, 1997.

2. The district must manage all finances in such a way as to maintain positive cash balances and not require an emergency advance of apportionment for fiscal year 1998-99.

Budget Control:

1. The FY 1997-98 general fund budget or budget extension shall be prepared without the use of receivables.
2. If the actual student enrollment in September 19X7 does not equal or exceed the district's _____ FTE K-12 budgeted enrollment, immediate action will be taken to further reduce the expenditures in FY 1997-98.
3. Implement controls over purchases and the hiring of employees that ensure before a purchase order is issued or an offer of employment is tendered, the dollars for such action are unencumbered in the budget and, in the case of employment, a vacant budget position exists.
4. Any increases in budgetary authority for FY 1997-98 (as set forth in the General Fund Budget) must be reviewed and approved by Mr./Ms. _____ of _____ Educational Service District and incorporated in an approved general fund budget extension.

Reporting:

1. Financial reports are to be presented to the board of directors each month. Additional reports must be made to the school board as they may deem necessary, to fulfill this plan and their stewardship.
2. Within 25 calendar days after the close of each month the district shall submit budget status reports to _____ Educational Service District, beginning with the August 1997 report.

Monitoring and Consulting:

The school district administration and board of directors shall utilize the services and advice of Mr./Ms. _____ in administering this plan and implementing any new or revised financial and administrative policies, systems, and procedures that are necessary to fulfill the objectives of this plan.

A copy of this letter should be included in the district's FY 1996-97 budget extension.

Sincerely,

Director, School Financial Services
Office of Superintendent of Public Instruction

cc: Dr./Mr./Ms. _____, Chairperson
Board of Directors

Dr./Mr./Ms. _____, Fiscal Officer
_____ Educational Service District