

## **3A.04.300 Banking & Financial Management Policies**

### **301 General**

Accounting policies and financial reporting adopted by the school should be consistent with a special purpose governmental entity that engages in business-type activities. The Board has oversight of the management of the school inclusive of establishing the governance structure and the financial management policies as set forth in the school's charter

### **302 Budgeting**

School administration prepares an annual operating budget of revenues and expenses (forecast or budget) for approval. The Board approves a final budget for the operation of the school for the prior twelve months. Both of these budgets are approved no later than June 30th of each school year. Budgets are reviewed and modified as necessary. These forward-looking budgets and projections are reviewed and approved by the Board at an open and public meeting.

- A. The fiscal year (budget year) of the school is July 1st through June 30th. The appropriate accounting period is used for all adjusting entries and accruals;
- B. Financial statements displaying budget vs. actual results are prepared by the business office and reviewed by the director and Treasurer and are presented to the Board at each board meeting (with limited exceptions);
- C. Administration shall follow the Board approved budget with exceptions approved by the Board.

### **303 Bank Accounts**

The Board may authorize bank accounts for general or specific purposes. School assets shall be kept at any bank or financial institution that is approved by the Utah Money Management Council. All bank accounts shall be reconciled as often as statements are available, typically monthly.

### **304 Investments**

The school shall follow state law and rule as outlined by statute, Administrative Rule and the rules of the Utah Money Management Council in investing school cash assets.

### **305 Petty Cash**

Petty cash funds may be established for incidental, non-recurring cash advances, local expense reimbursement, and small-dollar vendor purchases, provided proper documentation is furnished with each request. No fund shall exceed \$500 or individual payment shall be greater than \$100. Petty cash funds are recorded on the balance sheet as a cash account. The petty cash account is balanced periodically by the business office.

### **306 Cash Handling and Cash Receipts**

Wherever possible, duties such as collecting funds, maintaining documentation, preparing deposits and reconciling records should be segregated among different individuals. When segregation of duties is not possible due to the small size and limited staffing of the school, compensating controls such as management supervision and review of cash receipting records by independent parties should be implemented. School staff shall follow established procedures (internal controls) for the handling of cash receipts as outlined in the Cash Handling & Receipts Procedures. The school will comply with all applicable state and federal laws.

All funds shall be kept in a central, secure location until they are deposited in a school-approved fiduciary institution. Funds should be deposited daily or within three days after receipt, in compliance with Utah Code 51-4-2(2)(a). Unauthorized school employees should never hold funds in any unapproved location for any reason. Periodic and unscheduled audits or reviews should be performed for all cash activity. All payments of school fees shall correspond with the approved fee schedule, as required by State Board Administrative Rule 277-407.

### **307 Fundraising**

Fundraising is generally permitted within the school to allow the school to raise additional funds to supplement school-sponsored academic and co-curricular programs. Fundraising at the school level is only authorized and administered by the Director. The Board shall annually review the fundraising activities of the school and of all activities that support or subsidize the school. The Board shall ensure that revenues raised during fundraising activities or through activities that support the school (local funds) are raised within established cash handling policies. All expenditures shall be made in accordance with established school policies and procedures. The Board shall ensure that all activities of fundraising and parent organizations are adequately reviewed and considered with the school's insurer to evaluate and manage risks associated with such activities. Fundraising guidelines are:

- A. All monies raised through fundraisers for school-sponsored activities are considered public funds. This includes all donations to the school, regardless of whether or not such donations are part of any fundraising activity or event;
- B. Cash Handling and Cash Receipt procedures of the school apply to all school-sponsored fundraising activities;
- C. Relationships with non-school employees in relation to fundraising activities are managed by the Director;
- D. Conflict of Interest forms must be completed when persons employed by or affiliated with the school are also involved in fundraising organizations or hold funds that that will benefit the school;
- E. Fundraising activities may be subject to fee waiver laws and the Director oversees the administration of fee waivers;

F. "School-sponsored" means activities, fundraising events, clubs, camps, clinics, programs, sports, etc., or events, or activities that are authorized by the school, school board, administration, or board committees, including the authorized parent organization or authorized curricular school clubs, activities, sports, classes or programs that also satisfy one or more of the following criteria. The activity:

G. Is managed or supervised by school administration, staff, or authorized volunteers;

H. Uses the school's facilities, equipment, or other school resources;

I. Is supported or subsidized, more than inconsequently, by public funds, including the public school's activity funds or minimum school program dollars.

Properly approved school-sponsored activities:

A. May use the school's name, facilities, and equipment;

B. May utilize school employees and other resources to supervise, promote, and otherwise staff the activity or fundraiser;

C. May be eligible to be insured under the school's liability insurance policy (subject to insurer);

D. May provide additional compensation or stipends for school employees with the approval of the Director and under school payroll policies and consistent with the school's budget;

E. Must comply with all fee approval and fee waiver provisions established in Utah law, administrative rules and school policies.

Fundraising activities, or activities of outside organizations of any kind that are not school sponsored activities must be conducted at arm's length so that revenues and expenditures are not commingled with the public funds of the school.

### **308 Donation & Gifts**

Donations may be accepted, upon approval by the Director, providing the item(s) to be donated (cash, goods, services) are legal to possess by a public school, safe, unencumbered, usable by the school and are generally not restricted in their use, or are not restricted for use by an individual employee. Donations for the purpose of compensating specific employees or positions may not be accepted (donors can donate for other purposes instead). Donations received by the school become public funds and may not be returned or expended except within the law as applicable to the appropriate use of public funds. All policies and procedures of the school are applicable to donations, including Cash Receipt and Disbursement policies and procedures, and all other internal controls.

Gifts to the school must be general in nature and may not be restricted such that they cannot be used for various purposes, except when those purposes are to a specific program, such as the PE

program, science department or art program. Donations or gifts intended to benefit a specific student, teacher or classroom may not be accepted and could be considered a bribe.

The value of a gift or donation to the school may not be assessed or assigned by the school. The value and tax deductibility of a donation or gift made by an individual or company is to be determined by the donor and their accountant, not the school. No dollar value may be assigned to a donation verbally or in writing. If a product or service is given in return for a donation or gift that is clearly defined, such as a \$250 advertising slot in the yearbook, that value can be disclosed by providing the school's advertising rates to the donor for them to assign a value.

### **309 Vending Machines**

Vending machines are to be administered by the Director with the assistance of the business office and other school administrators. Two persons shall be present when removing cash from vending machines and delivering it to the school office for recording using the Cash Handling & Receipts Procedures. Accurate inventories of goods stocked and sold from vending machines are to be kept. Vending machine stock shall be stored adequately to minimize shrinkage and the program should be reviewed at least annually.

### **310 Financial Statement Reporting**

The business office is required to maintain supporting records in sufficient detail to prepare the school's financial statements, including:

Monthly

- A. Internally generated Income Statement, including budget vs. actual comparison and adequate notes & explanations
- B. Balance Sheet
- C. Cash Flow Statement
- D. Transaction Register

Annually

- A. Financial statements for audit, with supporting statements as needed
- B. Annual budget

### **311 Capitalization of Property**

All tangible personal property, land, capital improvements or buildings with a useful life of more than one year and a unit acquisition cost that exceeds the board-authorized capitalization threshold are recorded and capitalized on the property schedule. The Board shall establish the capitalization threshold. The asset capitalized cost includes actual tax, shipping/handling, and other expenses

incurred to bring the asset ready for its intended use. Additionally, these policies apply to capital assets:

- A. All capitalized assets will be depreciated using the straight-line method of depreciation in accordance with such asset's useful life and governmental & financial accounting standards;
- B. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets;
- C. The school maintains records of all government-furnished property and equipment, with an identification and segregation of property and equipment acquired through government contracts;
- D. Upon receipt, all property that qualifies as necessary to include on the property schedule, or has reasonable possibility of theft, or is required by law, must be properly labeled with asset ID tags;
- E. Assets purchased or received that cost less than the depreciation threshold will be expensed in the period purchased;
- F. No item on the property schedule shall be removed from the premises without prior approval from the Board. Procedures for asset disposal must comply with state or federal law or regulation where appropriate. All Assets shall be disposed consistent with applicable regulations of any restricted funds with which they were purchased, according to state or US Dept. of Education General Administrative Regulations;
- G. Gains and losses from the sale or other disposition of property are recorded as revenue in the year in which they occur, and are reflected as such on applicable financial statements;
- H. A physical inventory of property included on the school's property schedule is performed on an annual or every two-year basis and is reconciled to the property schedule and general ledger of the school.

### **312 Liabilities**

Encumbrances, debt or other obligations are recognized and measured in conformity with generally accepted accounting principles in both the modified and full accrual bases of accounting. Liabilities also include certain other deferred amounts that are not obligated, but are recognized and measured in conformity with generally accepted accounting principles. The Board and administration, in consultation with accounting firms, will determine liabilities as needed for financial statements.

### **313 Accounts Payable**

Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable. Vendors and suppliers are

paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis, considering critical disbursements, including payroll and tax obligations, etc.

### **314 Use Of School Credit & Debit Cards**

Debit cards are only authorized with Board approval. Charter School credit cards and purchase cards shall only be issued with the formal approval of the Board and with proper justification. The cost/benefit to the school should be fully reviewed to ensure that no other method is appropriate. If credit cards are issued they should be assigned to specific school employees and should be used only for school-related expenditures.

All charges must be supported by transaction-level invoices (point-of-sale receipts) or travel reports to be eligible for payment by Charter School. Monthly credit card statements are reconciled by cardholders to point-of-sale receipts and travel reports. They are reviewed and approved monthly by appropriate supervisors.

### **315 Accrued Liabilities**

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs. The portion of any teacher, or other employee whose salaries are paid over a period different than during which work was performed, are accrued at the end of the fiscal year for which services were rendered.

### **316 Debt**

Short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year. All short-term and long-term debt must be approved by the Board. Loan agreements approved by the Board shall be in writing and specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule. School administration may not enter into loan agreements without Board approval.

### **317 Net Assets**

Net assets are recorded in accordance with generally accepted accounting principles applicable to special purpose governmental units. Net assets include the following:

- A. Unrestricted
- B. Restricted
- C. Investment in Capital Assets, net of related debt

### **318 Consistency in Cost Accounting**

Practices used by the school in estimating costs in grant/contract proposals are consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by the

school in accumulating and reporting actual costs are consistent with its practices used in estimating costs in its grant and contract proposals.

**References:**

**Policy Review Schedule:**

**Policy Monitoring Schedule:**

**Document History:**

**Date Adopted:**

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**Board Chair**

**School Policy:**