

Finance Policies



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1 OUR MISSION & VISION

Our Mission

Aspen View Academy will succeed through academic excellence in a challenging and stimulating learning environment that emphasizes math, technology and language arts, enabling our students to become critical thinkers, responsible citizens, strong community members and future leaders.

Our Vision

We recognize that an education is incomplete without fostering the arts, sports, nature, and character. Together, with our students, faculty, parents and community, we will develop civic and personal responsibility, intellectual passion, and differentiated instruction in a safe, orderly, balanced and nurturing environment.

2 POLICY PURPOSE

The primary function of the Finance Committee of Aspen View Academy (“AVA” or “the Charter School”) is to assist the Board of Directors (“the Board”) in fulfilling its responsibilities by advising the Board, and in certain instances by acting on behalf of the Board, on matters relating to AVA’s finance, accounting and investment policies.

The Finance Committee has established the financial policies and procedures herein to ensure:

- (1) The Board, respective committees and the administrative staff of AVA understand their financial fiduciary responsibilities;
- (2) AVA administration is informed with respect to the expected frequency of financial reporting and analysis and the amount of detail required by the Board;
- (3) All financial dealings including, but not limited to, cash management, contractual dealings and fundraising operations of or related to AVA operate through the Charter School’s administration;
- (4) Assets are protected and managed properly;
- (5) Appropriate forecasting and budgeting of financial needs;
- (6) Maintenance of accurate records of AVA’s financial activities; and
- (7) Compliance with federal, state, and local legal and reporting requirements.

Committee Membership Guidelines:

- (1) The membership of the Finance Committee shall include the following: - One (1) Aspen View Academy Board member (Board Treasurer) – The Aspen View Academy principal and/or The Aspen View Academy Business Manager – Up to three (3) additional members which may include parents of the Aspen View Academy community and/or non-parents, but should not include staff of Aspen View Academy. The Treasurer should not serve as the committee chair.
- (2) Elected Finance Committee members shall include a Committee Chair and or Secretary.

- (3) Additional committee members should possess a financial background with the capability to effectively analyze financial results and provide sound financial advice and input.
- (4) The additional committee members should represent a broad cross-section of professional experience including corporate, non-profit, and public school management, when possible.
- (5) Additional committee candidates may be solicited by other members of the finance committee.
- (6) Finance Committee membership and participation is voluntary and unpaid.
- (7) Finance Committee members shall serve 1-year terms. Committee members may be reappointed to additional terms.

Changes or amendments to these policies may be approved by the Board at any time. A complete review of the policies shall be conducted every two years and any revisions hereto must be approved by the Board at that time.

The current version of AVA's Finance Committee Policies will be published on AVA's website. When revisions are made to these policies, updates will be posted to the website.

Every Board member and every Principal with financial related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.

3 FINANCIAL OPERATIONS

3.1 FISCAL YEAR

AVA follows a fiscal year defined as beginning the first day of July (July 1st) and ending on the thirtieth day of the following June (June 30th).

3.2 FINANCIAL PERSONNEL

The Principal, including through delegation of activities to the Business Manager, is responsible for receiving and properly accounting for all funds of AVA. A Business Manager is responsible for maintaining AVA's books and records. Primary financial responsibilities include the following, some of which may be delegated to other AVA staff with oversight by the Principal and/or Business Manager:

- Preparing and monitoring AVA's budget;
- Maintaining bookkeeping-related applications and databases;
- Processing and recording payroll;
- Processing invoices and performing cash disbursement for purchases;
- Inventorying and delivering incoming shipments;
- Processing cash receipts, including collecting and counting monies for fundraisers, fines, fees and other activities;
- Preparing and making bank deposits;
- Reconciling general ledger accounts, bank accounts and bank statements;
- Preparing financial statements and budget variance analysis.

Administration reviews external audit results and provides recommendations to the Board annually to assure the controls associated with payroll, accounts payable, cash management and all other areas of business management are in compliance with policies and procedures of all governing entities.

3.3 ACCOUNTING SOFTWARE

AVA uses accounting software, which is approved by the Finance Committee. The accounting system conforms to the requirements of the State Board of Education and District standards, providing for the appropriate separation of accounts, funds and operational duties. Any changes to AVA's accounting system or software must be approved by the Finance Committee, subject to Board approval.

The Business Manager maintains the accounting software with up-to-date budget figures, cash receipts and disbursements and any items necessary to maintain the records in accordance with generally accepted accounting principles. The Business Manager distributes revenues and expenses according to the Chart of Accounts.

3.4 BUDGET

3.4.1 PURPOSE

The annual school budget process is an important charter school function and serves as a means to communicate AVA's program. AVA recognizes that one of its primary responsibilities is the preparation and approval of an annual budget, and to secure adequate funds to carry out the educational programs of AVA.

AVA operates according to a formal financial plan and operating budget. This plan provides the framework for both anticipated revenues and planned expenditures. The AVA Principle is responsible for the establishment and maintenance of the annual operating budget. The Board is accountable for the adoption and reporting of this proposed budget each fiscal year.

3.4.2 TIMING, ORGANIZATION AND CONTENT

In preparation of the annual budget, the Principle or assigned designee follows these provisions:

1. all budget actions are consistent with Colorado law, generally accepted accounting policies, industry standards, and Board policy;
2. all expenditures of funds will be made in accordance with status of budget encumbrances and balances;
3. revenue from any Federal or State sources is implemented in accordance with any specific federal or state laws or requirements;
4. financial reports are presented to the Board so the Board is informed of current and future financial matters; and
5. All accounts are audited annually.

AVA Administration is not permitted to reallocate or approve expenditures without Board consent.

3.4.3 REVISED BUDGET

Following a final October pupil count and submission of the December budget revision, a “Revised Budget” may be developed for any additional funding to be expended within the academic year. If there is to be a reduction in funding, the Board upon recommendation of the finance committee will approve either a percentage adjustment or follow an alternative Administrative recommendation for a reallocation of current year expenditures. All budget revisions adopted by the Board of Directors are made available to the public on AVA’s website.

3.4.4 SUPPLEMENTAL BUDGET

A “Supplemental Budget” may be developed for any additional funding to be expended within the academic year. If, at any point, there is to be a reduction in funding, the Board upon recommendation of the finance committee will approve either a percentage adjustment or follow an alternative Administrative recommendation for a reallocation of current year expenditures. The Board may review and change the budget with respect to both revenues and expenditures at any time prior to June 30th of the fiscal year for which the budget was adopted. C.R.S. 22-44-110(5) All budget revisions adopted by the Board of Directors are made available to the public on AVA’s website.

3.5 FINANCIAL STATEMENTS

Financial Statements are produced monthly, within 15 business days following the end of the previous month. A comprehensive financial reporting package that includes a Balance Sheet, detailed listing of Capital Assets, Statement of Revenue and Expenditures compared to Budget, and a Cash Flow Statement are produced monthly and provided to the Board and the Finance Committee. AVA’s Board reviews financial statements each quarter during their regular Board Meetings. The Board reviews and approves the financial reporting package on a monthly basis.

3.6 AUDIT REPORT

AVA’s audit report is issued no later than November 30th following the close of the fiscal year. The final audit report is issued to the Douglas County School District and to the Colorado Department of Education and Office of the State Auditor by the required deadlines. AVA has an independent audit performed, rather than being included in the audit performed for the Douglas County School District’s (DCSD) audit report.

The audit is performed in accordance with Government Auditing Standards and OMB Circular A-133. The annual audit is performed by an independent CPA firm familiar with Charter School operations and, adhering to AVA’s Mission and Vision, a Colorado based firm with expertise in Education is used. The CPA firm is approved by The Board and is in good standing with the Colorado State Board of Accountancy.

The annual audit is conducted within 60 days following AVAs Fiscal Year End of June 30th. The Finance Committee reviews the draft audit financial statements prior to final submission. The Board is responsible for reviewing and taking appropriate action to any recommendation within 60 days of receiving the CPA’s firms audit and recommendations. The audit report is provided to DCSD in September and our school is included as a component unit within DCSD’s audit report. The independent audit reports are adopted by the Board of Directors and

available to the public as required by Article 44, Title 22 of the Colorado Revised Statutes, *The Public School Financial Transparency Act*.

The Finance Committee has the authority to make recommendations with respect to hiring, evaluating and terminating contracts with the independent audit firm or its teams, but the Board final decision making authority when approving an audit firm.

3.7 PAYROLL

3.7.1 PURPOSE

This policy ensures that all AVA employees are compensated correctly and timely while conforming to the requirements established by the Federal Wage and Hour Division within the U.S. Department of Labor.

3.7.2 ESTABLISHMENT OF WAGES AND SALARIES

The Principal recommends employee wages and salaries, not to exceed the budgeted increase. The Principal's salary is approved by the Board. The Board reviews and approves all budgets, including total employee compensation, each fiscal year as part of the financial planning and budgeting process.

3.7.3 EMPLOYEE TIME AND ATTENDANCE / BENEFITS

Refer to the Employee Handbook for information pertaining employee time tracking, attendance, leaves of absence, benefits and other employee-related matters.

3.8 CAPITALIZATION POLICY AND INVENTORY CONTROLS

All proposed capital expenditures must be included in the current year fiscal plan/budget. Other proposed capital expenditures may arise unexpectedly as the result of an emergency. Proposed expenditures must be submitted to the Finance Committee for review. The Finance Committee then submits its recommendation on capital expenditures to the Board. The Board has final decision-making authority with respect to the approval of proposed capital expenditures. Refer to Section 4 of this policy document for further information with respect to approval levels for expenditures.

All capitalized assets are marked or tagged with ownership identification decals. The Principal or designee is responsible maintaining a system to track its fixed assets inventory.

The inventory system tracks specific information about each capitalized asset. The inventory record for each asset must include the following:

- Description (e.g., make, model, serial number);
- Class of property (i.e., machinery, equipment);
- Date of purchase;

An annual physical inspection is performed to determine that all assets are present, in usable condition, located in the assigned area, and accurately recorded on the fixed asset records.

The inventory system is updated to ensure that changes in assets, such as location or disposition, are reflected in the inventory system.

3.9 TUITION AND FEES

Tuition and student fees are reviewed by the Finance Committee and recommended to the Board. Tuition and student fees may be assessed only as approved by the Board.

3.10 ACCOUNTS PAYABLE

AVA pays bills based on the terms of the invoices. Whenever practical, AVA pays invoices promptly when there is a “prompt payment discount” offered. AVA pays all invoices within 30 days of their issue, unless alternative arrangements are made with vendors or unless a dispute arises.

The Business Manager maintains accounts payable in the accounting software. All invoices are entered weekly or more frequently, and checks are written using the accounting software to ensure that payments are not duplicated nor overlooked.

3.11 PHYSICAL SECURITY OF FINANCIAL RECORDS AND RECORDS RETENTION

AVA maintains financial records for seven years in a secure and locked location.

3.12 FINANCE COMMITTEE RESPONSIBILITIES

The Finance Committee ensures that the Aspen View Academy Board of Directors properly accounts for public funds and encourages sound financial management.

Responsibilities:

1. Recommend an annual balanced budget to the Aspen View Academy Board of Directors for approval.
2. Review annual financial audit findings and make recommendations for appropriate action;
3. Review monthly financial statements
4. Review quarterly financial statements
5. Review financial policies and procedures and make recommendations for any changes/improvements
6. Review any new debt issuance on annual basis
7. On an annual basis performs a review to assess the adequacy of internal controls and monitor the accuracy of certain financial procedures

4 MANAGING ASSETS AND INTERNAL CONTROLS

4.1 BANK ACCOUNTS AND SIGNATORIES

4.1.1 OPENING/CLOSING BANK ACCOUNTS

The Board approves the opening or closing of any bank accounts. The signature of the President and the Treasurer of the Board and the Principal of AVA is required to open or close accounts.

4.1.2 SIGNATORIES AND SIGNING AUTHORITY

The Principal, Board President and Board Treasurer (collectively, the “Signatories”) have authority to sign AVA business related checks.

4.2 SAFEKEEPING OF CASH

4.2.1 AVA FUNDS

AVA funds are monies received primarily from per pupil funding, grants, tuition, interest income, community use fees, donations, rental income, student fees and all other sources of revenue. All checks made payable to AVA are considered AVA funds.

4.2.2 SAFEKEEPING OF FUNDS

All forms of Cash (currency, checks, money orders, negotiable instruments and charge card transactions) are physically protected through the use of vaults, locked cash drawers, and/or locked metal boxes. It is the responsibility of each department to make whatever provisions are necessary to properly safeguard the cash receipts in their area. Generally, no more than \$500.00, one hundred dollars, shall be left overnight in the school and will be secured in a locked safe, drawer or other secure location.

4.3 RETURNED CHECK PROCEDURES

Any checks returned to AVA as uncollected may be assessed a returned check fee of \$25. Examples of returned checks include; non-sufficient funds (NSF), account closed, payer’s signature missing, refer to maker and post-dated or stale dated checks. If after proper due diligence is performed collection problems exist, AVA may turn the debt over to collections.

4.4 BANK RECONCILIATIONS

Bank reconciliations are performed by the Business Manager or Principal designee. Reconciliation of each charter school account for the prior month is performed before the monthly Board meeting. If the same person who prepares the deposits also reconciles the bank accounts, then the Principal should review and compare deposits to the bank reconciliation.

5 PROCUREMENT OF GOODS AND SERVICES

5.1 MATERIAL EXPENSES

5.1.1 FORMAL BIDDING / VENDOR SELECTION

All authorized material expenses must align with the plans, direction and vision of AVA and its Board. Material expenses, as defined further below, are those in excess of \$10,000 cumulatively for a single project, product or service, with the exception of curriculum or emergencies that impact the operations of the school.

Projects requiring material expenses are approved as an entire project rather than on an individual item basis. Each project is to be defined as being self-contained and requiring no subsequent approvals or authorities. The calculation of the amount of capital expenditure for which approval is being sought is to be the total cost of the item/project including any duty,

freight, internal labor costs, working capital and capitalized interest (where applicable). Any operating costs associated with the projects need to be listed. If there are maintenance contracts associated with the capital expenditure, the commitment to AVA needs to be specified.

Formal bidding procedures are used for items and annual contracts anticipated to cost more than \$10,000. Bids may be obtained through various means, including but not limited to advertisements, calling for costs, online quotes, etc. However, the Board may dismiss the formal bidding requirement, e.g. for single source suppliers. When specifications for goods or services are needed, they shall be:

1. Prepared by the administration,
2. Approved by AVA Board, or designated subcommittee, and 3. Mailed to any identified potential bidders.

The Board reserves the right to reject any or all bids and to accept that any bid that appears in the best interest of AVA. The Board reserves the right to waive any informality in, or reject any part of, a bid. The Board reserves the right to negotiate with the successful bidder.

The AVA Administration has the authority to renew contracts. However, in doing so, consideration is given to changes in the product or services provided or changes in price/billing.

Selections personal services contractor are based primarily on qualifications and performance history, expertise, knowledge and creativity and the ability to exercise sound professional judgment. All personal services contracts are based on demonstrated qualifications and competence to perform the required services, encourage competition, discourage favoritism and obtain services at a fair and reasonable price.

5.1.2 CONFLICTS OF INTEREST

AVA maintains a high standard for Board members and others as regards conflict of interest, and impartiality in the awarding of contracts for goods and services. Procurement of Goods and Services – The hiring of an immediate family member or employee as a contractor or vendor of goods and services is first subject to Board Approval. A formal bidding process may be required by the Board, regardless of dollar amount (i.e. is not subject to the \$10,000 threshold). All such bids must be fully disclosed to the Board of Directors and will follow the procedures outlined in Section 4.2.1 above. (NOTE: NEED TO REVIEW AGAINST AVA BY-LAWS).

5.1.3 APPROVAL AND CONTRACT SIGNING

Bid approvals must be approved by AVA Board. The bidder to whom the award is made will be required to enter into written contract or service agreement. The Board President or Principal signs any written contract to which AVA may be a party when such contract has been authorized or approved by the Board.

5.2 EXPENSE REIMBURSEMENTS

Expense reimbursements are submitted to the Business Manager who reviews for accuracy and appropriate back-up. The Business Manager has the authorization to approve expense reimbursements except his or her own and the Principal's. The Principal will approve the Business Manager's reimbursement and the Board President will approve the Principal's reimbursement. Expense reimbursements will adhere to the following guidelines.

1. In no case will alcohol, tobacco or firearms purchases be reimbursed by AVA.
2. Receipts must not include items for personal use.
3. If items are ordered online, they must be shipped to the school and not a home address.
4. Only travel expenses as are ordinary and necessary in the conduct of approved travel for charter school business purposes and directly attributable to it will be reimbursed.
5. Mileage approved charter school business travel in a private vehicle will be reimbursed, at the current rate per mile established by the Internal Revenue Service (IRS), not to exceed the cost of a comparable coach-class airline ticket. Mileage must be calculated as the distance from AVA to the destination and reimbursement should be supported by a printed copy of the mileage calculation from sites like MapQuest, Google Maps, etc.

6 MISCELLANEOUS POLICIES

6.1 INVESTMENT POLICIES

AVA's excess funds may be invested only in PDPA approved banks, which are FDIC insured or are collateralized money market accounts. AVA cannot have any stock or mutual fund ownership. If any ownership in these investment vehicles is gifted to the school, AVA must sell the shares immediately. AVA may maintain a money market account to invest excess funds.

6.2 INSURANCE

AVA maintains appropriate insurance coverage. The following insurance is generally maintained:

- (A) Commercial Package
- (B) Umbrella
- (C) Directors and Officers Liability
- (D) Employment Practices
- (E) Worker's Compensation
- (F) Student Accident
- (G) Any other insurance deemed necessary per AVA's Charter, agreement with vendors, or recommended by the insurance broker.

AVA also contributes to the state unemployment Insurance Fund in accordance with applicable law.)

6.3 BEQUESTS AND CONTRIBUTIONS

For most bequests and contributions, donors will be directed to the AVA Foundation, since it has 501 (c) 3 status. Non-restricted bequests and contributions to AVA may be used for operations or special projects as designated and approved by The Principal, consistent with any restrictions set for by the Board.

Bequests that are donor restricted are used for the purpose articulated by the donor.