

FISCAL MANAGEMENT POLICY

Salida del Sol Academy

The annual budget is the financial plan for the operation of the school system. It provides the framework for both expenditures and revenues for the year and future years and translates into financial terms the educational programs and objectives of the SDSA.

The SDSA Board takes its responsibility to manage community, state and federal funds which may become allocated to it in a wise and prudent manner. To that end, the fiscal management policy is adopted to require ongoing supervision by the Board through its Treasurer and School Director.

The budget shall be prepared and adopted in accordance with state law. SDSA financial records shall be kept in accordance with state law and with generally accepted principles of governmental accounting. The Executive Director or designee shall continually be aware of the financial and political landscape both internally and externally and shall develop contingency plans against possible events.

All funds received and/or disbursed by any agency of the school system including any and all SDSA transactions shall be accounted for carefully and accurately; shall conform with generally accepted principles of governmental accounting providing for the appropriate separation of accounts, funds and special moneys, and shall be done in a manner that is easily reviewed and lends itself to auditing.

All checks drawn on SDSA checking accounts shall require the written signature of the Treasurer of the SDSA Board and, if required by the Board, the written countersignature of any other person designated by the Board.

The Treasurer of the Board or the Executive Director shall be responsible for receiving and properly accounting for all funds of the SDSA.

When accounting for any enterprise funds the SDSA shall use the full accrual basis of accounting.

BUDGET PROCESS

The budget shall be presented in a summary format that is understandable by any layperson. The budget format shall itemize expenditures of the SDSA by fund and by student. It shall describe the expenditure and show the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year. When budgeting for any enterprise funds, the SDSA shall use the full accrual basis of accounting. The budget shall summarize revenues by revenue source and expenditures by function, fund and object.

The budget shall include a uniform summary sheet for each fund administered by the SDSA that details the beginning fund balance and anticipated ending fund balance for the budget year; the anticipated fund revenues for the budget year; the anticipated transfers and allocations that will occur to and from the fund during the budget year; the anticipated expenditures that will be made from the fund during the budget year; and the amount of reserves in the fund.

The budget also shall disclose planned compliance with spending limitations outlined in Article X, Section 20, of the Colorado constitution, including holding TABOR reserve funds in an unrestricted general fund or in cash funds.

The Board assigns to the Executive Director overall responsibility for annual budget preparation, budget presentation and budget administration that shall comply with federal and state law. The Executive Director shall have authority to delegate portions of his or her budget responsibility to a designee. As part of the Executive Director's budget responsibility, the Executive Director shall cause to be prepared a budget preparation calendar that shall ensure that all deadlines established by law for budget presentation, hearings and adoption. The Board shall determine its budget priorities based on a strategic plan.

Following the consideration of the budget proposal by the Executive Director, the Board shall approve a proposed budget on or before May 1 of each fiscal year and after notice in accordance with the Open Meetings requirements. Notice of the budget proposal shall be provided to the public, including parents, on or before March 1 of each fiscal year. The proposed budget is available for inspection by the public at the central administrative office during business hours.

At the budget hearing specified in the notice, the Board will present and explain the proposed budget, inviting questions and discussion from the audience. If the budget is to be adopted at a future meeting, the date, time and place of such meeting shall be entered in the minutes of the hearing.

The Board shall officially adopt the budget and an accompanying appropriations resolution prior to the end of the fiscal year. The adopted budget shall be posted online in accordance with the Public School Financial Transparency Act.

After adoption of the budget, the Board may review and change the budget with respect to both revenues and expenditures at any time after 30 day notice is provided. If money for a specific purpose becomes available to meet a contingency, the Board may adopt a supplemental budget for expenditures not to exceed that amount.

Unencumbered moneys shall not be transferred from one fund to another unless authorized in advance by the Board. When a contingency occurs, the Board, by adoption of a resolution, may transfer any unencumbered moneys from the contingency reserve account, which is within the general fund, to any other fund or function.

AUDITS

All SDSA funds and accounts shall be audited by an independent auditor annually in accordance with state law and Board policy. Timely and appropriate corrective actions shall be taken in accordance with any internal or external audit findings.

As needed, the Board may issue a request for proposal (RFP) or use some other similar process for selection of an independent auditor licensed to practice in Colorado and knowledgeable in government accounting to conduct the audit. The independent auditor also shall audit any other accounts held by SDSA for report to the SDSA board.

The audit report shall contain among other information:

1. Financial statements prepared insofar as possible in conformity with generally accepted governmental accounting principles. (The financial statements are the representation of the SDSA whether prepared by the SDSA or by the auditor.)
2. Disclosures in accordance with the *Financial Policies and Procedures Handbook*. The supplemental schedules of receipts and expenditures for each fund shall be in the format prescribed by the State Board of Education and shall be in agreement with the audited financial statements of the SDSA.
3. All funds and activities of the SDSA.
4. A budget to actual comparison for each fund and activity.
5. The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained. The opinion shall include general fixed assets.
6. Disclosure of all instances of noncompliance with state law, including the Public School Finance Act of 1994, irrespective of materiality.
7. A supplemental listing of all investments held by the SDSA at the date of the financial statement.
8. A calculation of the school SDSA's fiscal year spending in accordance with the state constitution.

The auditor shall meet with the Board to discuss the audit report, make recommendations to the Board concerning its accounting records, procedures and related activities as may appear necessary or desirable and shall perform such other related services as may be requested by the Board.

The audit report shall be completed and submitted by the auditor to the school SDSA within five months after the close of the fiscal year unless a request for an extension of time is granted.. Within 30 days after the Board receives the audit, it shall be submitted to SD6 as the chartering authority. The Board reserves the right to request an audit at more frequent intervals if desired. The Board shall receive all audit reports and be informed of all corrective actions taken.

FINANCIAL REPORTS

The Executive Director or Board Treasurer until such time as an Executive Director is hired, or designee shall prepare and submit to the Board a quarterly fiscal actions report of all SDSA funds. The format and basis for reporting shall be consistent with the adopted budget and generally accepted accounting procedures. This report, at a minimum, shall be quarterly and shall include:

- the actual amounts spent and received as of the date of the report from each of the funds budgeted by the SDSA for the fiscal year, expressed as dollar amounts and as percentages of the annual budget
- the actual amounts spent and received for each fund for the same period in the preceding fiscal year, expressed as dollar amounts and as percentages of the annual budget
- the expected year-end fund balances, expressed as dollar amounts and as percentages of the annual budget
- a comparison of the expected year-end fund balances with the amount budgeted for that fiscal year
- details on the SDSA's major revenue sources, with variance analysis that shows the factors that are affecting revenue inflow.

Complete and accurate financial records shall be kept for all SDSA funds and accounts. The Board shall receive all financial reports in a timely manner and be informed of all corrective actions taken. The Executive Director, as well as all persons responsible for any SDSA monies shall take all reasonable steps to identify funds, programs, or departments that may end the fiscal year with an operating loss or deficit. A corrective action plan shall be developed and implemented within 30 days of such identification.

The Executive Director or designee as well as all persons responsible for any SDSA monies shall develop and implement processes whereby variations or deviations in cash flow, revenues or other important financial indicators can be identified and dealt with in a timely manner.

Immediate verbal notification shall be given to the Board regarding any potential financial problem or any matter that may affect the SDSA's financial condition or ability to achieve its mission. The Board may request other financial reports as needed.

All financial and audit reports shall be made available to the public and shall be posted online in accordance with the Public School Financial Transparency Act.

Reports and filings required by state and federal law and agencies shall be accurately and timely filed.

The Executive Director or designee shall develop and implement procedures to encourage all SDSA staff to report suspected financial problems or wrongdoing. No adverse employment decisions shall be taken in response to a good faith report by an employee.

FINANCIAL OVERSIGHT

In order to provide a high level of accountability and communication on behalf of the SDSA Board, the Board shall appoint the School Accountability Committee to independently monitor and report to the Board and the community concerning the SDSA's expenditure of funds. To fulfill its responsibilities, the Accountability Committee shall review the Board's annual budget for the additional revenue prior to final adoption to determine if the revenues have been allocated in accordance with the authorized educational purposes. The Board directs the Executive Director or the Executive Director's designee to provide an annual report to the Accountability Committee about the SDSA's expenditures as well as any other financial information requested by the Accountability Committee related to their duties as specified by the Board and this policy. The Accountability Committee shall issue an annual report to the community about how the revenues were expended.

INVESTMENT OF FUNDS; PROCEDURE FOR DEPOSIT OF FUNDS

The SDSA shall invest public funds in a manner which shall provide the highest investment return with the maximum security while meeting the daily cash flow demands of the SDSA and conforming to all federal, state and local statutes governing the investment of public funds.

This policy and the accompanying regulations shall apply to the investment of all financial assets and all funds of the SDSA over which it exercises financial control. These funds are to be accounted for in the SDSA's budget and available for inspection.

All SDSA funds allocated to a specific use but temporarily not needed shall be invested by individuals authorized by the SDSA Board in accordance with state law and in a manner designed to accomplish the following objectives:

1. Ensure that all funds are deposited and invested in accordance with state statutes and resolutions enacted by the local school board.
2. Ensure the safety of the SDSA's financial assets.

3. Ensure that adequate funds are available at all times to meet the financial obligations of the SDSA when due.
4. Earn a market rate of return on the funds available for investment throughout the budget cycle while taking into account the SDSA's investment risk constraints and cash flow needs.

The SDSA shall recognize that no investment is totally without risk and that the investment activities of the SDSA are a matter of public record.

In order to effectively use the SDSA's cash resources, all moneys, unless otherwise restricted by law, may be pooled into one investment account and accounted for separately. The investment income derived from such a pooled account shall be distributed to various SDSA funds and accounts on a pro rata basis.

The SDSA Board shall be provided periodic reports regarding the investment portfolio, activity and return on investments. Investments and electronic transfers of funds shall occur only on approval of the executive committee of the SDSA.

The SDSA Board of Directors shall be responsible for all SDSA investment decisions and investment activities. The chief financial officer may appoint an investment officer to carry out the SDSA's investment decisions and activities. No person may engage in an investment transaction except as authorized under the terms of this policy and the accompanying regulations. All participants in the investment process shall seek to act responsibly as custodians of the public funds.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the SDSA Board and the Executive Director, and the Board any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the SDSA's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the SDSA, particularly with regard to the time of purchases and sales.

The Board shall be kept informed of investments and yields.

All revenue received by the school SDSA shall be deposited in an official bank or banks or savings and loan institutions as designated by the Board. Such financial institution must qualify as an eligible public depository in accordance with state law.

The treasurer or official custodian shall comply with all requirements of state law regarding the deposit of SDSA funds.

All funds received by the school SDSA shall be deposited in an official bank or banks or savings and loan institutions as designated by the Board. The Public Deposit Protection Act (PDPA) requires school SDSA's to deposit public funds only in approved institutions (eligible public depositories).

The SDSA shall comply with all requirements of state law regarding the deposit of SDSA funds.

The SDSA shall investigate the condition of financial institutions before committing SDSA funds. Banks and savings institutions are evaluated by comparing them to other similar institutions in a number of areas. These areas include size and growth, loan exposure, capital adequacy, asset quality, earnings, and liquidity. Certain rating agencies and publications are available which may enhance the evaluation process.

When depositing public funds in banks and savings and loan associations, the PDPA requires the institution be designated as an eligible public depository institution, pursuant to sections 11-10.5-101 and 11-47-101. The PDPA Act of 1989 requires banks to apply or reapply for designation as an eligible public depository, C.R.S. 11-10.5-106. In addition, every public entity must apply to the State of Colorado Bank Board for a public depository account number. This number must be given to any bank in which the SDSA does business, C.R.S. 22-40-105 and C.R.S. 22-32-107. The SDSA shall seek legal advice for any investment or deposit outside of the state.

When SD6 has elected to have all moneys belonging to the SDSA paid over to the treasurer of said Board, the treasurer, or such other custodian appointed by the Board, shall deposit or cause to be deposited, all such moneys in such depositories as shall be designated by such Board. C.R.S. 22-40-105, 22-32-107 and 24-75-601 (Fund-Legal Investments) et. seq.

Eligible public depository means the depository has met the required criteria, including the deposits are insured by federal deposit insurance; that the bank meets capitalization standards set by the banking board; and that the bank agrees to abide by all PDPA requirements (See the State Auditor's Handbook, C.R.S. citations 11-10.5-101 and 11-47-103(6)). Note, eligible public depositories are limited to depositories operating within the state.

Security

When SDSA deposits funds in a state approved bank or savings and loan institution, the FDIC shall insure these deposits up to a maximum amount. The FDIC may extend federal insurance to funds segregated in a separate bond redemption fund. Amounts deposited in excess of the maximum amount are not insured by FDIC but are covered by the collateral provisions of the PDPA.

The amount of the total deposit is defined as the total of all school SDSA deposits even

if different funds and accounts are involved. Separation of deposits by funds, account or designated custodian usually shall not extend the total amount insured by the FDIC.

As an ongoing requirement of designation as an eligible public depository, any such depository shall pledge such collateral having a market value in excess of one hundred two percent of the aggregate uninsured public deposits. C.R.S. 11-10.5-107(5).

The PDPA requires that the uninsured portion of a school SDSA's deposits be protected through collateralization by the bank or savings and loan institution. The bank or savings and loan is required to certify sufficient collateral to cover uninsured public funds to state agencies on a regular basis. This certification of collateral is made to the state banking commissioner or savings and loan commissioner.

The SDSA shall follow a general rule regarding diversification or allocations of investments among various banks and savings institutions because of possible delays in the recovery of money in the event of institutional failure.

Maturity

All investments must mature in five years or less, unless SDSA Board allows investment in excess of five years.

PURCHASING/PURCHASING AUTHORITY

The Board's authority for the purchase of materials, equipment, supplies and services is extended to the Executive Director through the detailed listing of such items compiled as part of the budget-making process and approved by the Board through its adoption of the annual operating budget.

Except in emergencies or for reasons of economy, the annual purchase of major pieces of equipment shall be scheduled so that annual budgetary appropriations for capital purposes will be of similar size or will show a continuous trend without severe fluctuations.

The Executive Director shall direct the purchase of such books, supplies, equipment and other materials as is required and permitted within the limits of the budget. The purchase of these items shall require no further Board approval except in those instances where Board policy requires certain purchases to be put to bid. An expenditure of \$50,000 or more, regardless of fund or purpose, shall require prior Board approval even though the item is covered in an appropriation or project control estimate. Upon the Executive Director's recommendation, expenditures of lesser amounts may also require Board approval.

In order to receive the greatest value for each dollar expended, it shall be the policy of the school SDSA to obtain comparative prices based on similar quality, to consider a

balance between long-term quality and cost, and to purchase in quantity whenever possible and practical.

PETTY CASH

The Executive Director or designee may authorize petty cash funds for SDSA departments and sites as deemed necessary or appropriate. The purpose of such funds is to provide a source of ready cash for immediate settlement of small transactions. Notwithstanding the authorization of petty cash funds, the preferred method of making a SDSA purchases is use of a purchasing card or reimbursement. A custodian of such funds may be appointed who shall ensure that all expenditures from the fund are properly approved, accounted for and documented. Each purchase made from the petty cash fund shall be supported at minimum by a dated receipt or bill of sale.

The amounts authorized for petty cash funds may vary between and among departments and sites, but shall in no event exceed \$1000. Purchases shall not be divided for the purpose of circumventing this limitation.

All contractual services and purchases of supplies, materials and equipment in the amount of \$5,000.00 or more shall be put to bid. This shall not apply, however, to professional services or instructional materials. Other purchases may be made in the open market but shall, when possible, be based on competitive quotations or prices.

All contracts and all open market orders shall be awarded to the lowest responsible qualified supplier, taking into consideration the quality of materials (services) desired and their contribution to program goals.

With regard to materials or services for which bids are required, the Executive Director or designee shall develop a procedure to pre-qualify bidders. Suppliers shall be invited to have their names placed on mailing lists to receive information about pre-qualifying. When specifications are prepared, they shall be mailed to all merchants and firms who have pre-qualified. Only pre-qualified bidders may submit bids.

All bids shall be submitted in sealed envelopes, addressed to the Board, and plainly marked with the bid number and the time of the bid opening. Bids shall be opened in public by appropriate SDSA officials or employees at the time specified, and all bidders shall be invited to be present.

The Board reserves the right to reject any or all bids and to accept that bid which appears to be in the best interest of the SDSA.

The bidder to whom an award is made shall be required to submit to the SDSA proof of liability insurance and when appropriate, proof of workers' compensation insurance, and may be required to enter into a written contract with the SDSA. Any written contract shall include a provision requiring a criminal background check for any person providing

direct services to students under the contract, including but not limited to transportation, instruction or food services as required by law. The contracting entity shall be responsible for any costs associated with the background check.

INVENTORIES

The SDSA shall maintain a system for an annual inventory of all real and personal property costing \$5000 or more and having a life expectancy of two years or more, with the exception of equipment, such as lockers, permanently fixed in a building.-Principals and site managers shall be accountable to the Executive Director or designee for the maintenance of proper inventories at their sites.

DISPOSAL OF SURPLUS MATERIALS/EQUIPMENT

Materials and equipment including old and surplus books shall be declared surplus, in writing, by the Executive Director or designee. Property shall be available for disposal only when it has been found to be surplus. The disposal of all surplus materials and equipment may be handled by sale, donation or by other appropriate means.

Sales of surplus property involving the passage of a recorded title and/or involving \$5,000 or more require the prior approval of the Board. Sales of surplus property that do not require the passage of a recorded title and/or do not involve as much as \$1,000 require the prior approval of the Executive Director to ensure that the method of disposal is consistent with the SDSA's position of public trust and responsibility.

Following the close of sales of surplus property, documentation of the disposal actions shall be filed with the property control section of the business office. Records of property disposal actions shall be maintained for at least one year following the date of disposal.