



FINANCIAL ACCOUNTING AND REPORTING POLICIES AND PROCEDURES

SECTION 1. BEN FRANKLIN ACADEMY

MISSION

The mission of Ben Franklin Academy is to develop young adults with character like America's founding Renaissance man, Benjamin Franklin: well-read, scientifically curious, and civically engaged.

VISION

Our students will excel academically through a challenging, sequenced curriculum that emphasizes math, science, and literacy. We will be a data driven institution, focusing on individual students. Our students, teachers, parents, staff, and leaders will be held accountable for the success of our school. Finally, we recognize that an education is incomplete without fostering the arts, sports, nature, and character.

SECTION 2. FINANCIAL PLANNING AND BUDGETING POLICY

- **Purpose**

Ben Franklin Academy ("BFA") will operate according to a formal financial plan and operating budget. This plan will provide the framework for both anticipated revenues and planned expenditures as planned by the BFA Board of Directors ("Board"). The Board will be accountable for the establishment, adoption and reporting of this proposed budget using a fiscal year reporting structure (July 1 to June 30). A modified accrual basis of accounting shall be used in measuring financial position and operating results for fund accounting purposes.

- **Responsibility**

The Board assigns overall responsibility for preparation and administration of the annual budget to the Principal. Two (2) months prior to the Douglas County School District ("DCSD") timeline due date, administration will present to the Board for their approval an initial annual formal budget for the successive fiscal year in conjunction with a three-year budget projection model developed and reviewed by the Finance Committee in accordance with the rules of the Governmental Accounting Standard Board (GASB) and in observance of any applicable Colorado State law or DCSD contractual requirement. One (1) month prior to the DCSD timeline due date, administration will present to the Board for final approval.

- **Organization**

Each budget shall include both a summary sheet as well as a detail sheet as per the requirements listed under C.R.S. §22-44-105 and will conform to the requirements established by the Financial Policies and Procedures (FPP) Handbook and Chart of Accounts coding requirements. Information pertaining to budget versus actual revenue and expenditures as well as projected year-end balances will be presented to the Board via a budget presentation. Material opportunities or risk that may impact the budget shall be footnoted for consideration by the Board.

- **Supplemental Budget**

Following a final October pupil count, a “Supplemental Budget” may be developed for any additional funding to be expended within the academic year. If there were to be a reduction in funding, the Board 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 January 31 of the fiscal year for which the budget was adopted. C.R.S. §22-44-110(5)

SECTION 3. FISCAL ACCOUNTING AND REPORTING

- **Purpose**

The purpose of this policy is to communicate to the BFA administration the expected frequency of financial reporting and analysis and the amount of detail required by the Board. All financial dealings including, but not limited to, all cash management, contractual dealings and fundraising operations of or related to BFA shall operate through school administration.

- **Responsibility**

The Principal, including through delegation of activities to the Business Manager, shall be responsible for receiving and properly accounting for all funds of BFA. Administration shall review internal and external audit results and provide 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.

- **Accounting System**

The accounting system utilized shall conform to the requirements of the State Board of Education and DCSD standards providing for the appropriate separation of accounts, funds and operational duties. Fiscal accounting and reporting must meet requirements established by the State Board of Education as set forth in the Financial Policies and Procedures Handbook for public schools in Colorado. (C.R.S. §§22-44-203 and 22-44-204).

- **Financial Reporting**

Financial statements for each month shall be final and available for presentation by the 10th day of each calendar month and upon request by the Board. Administration shall

provide the Board financial reports including, but not limited to, a Balance Sheet, Income Statement (as compared to Budget) and Cash Flow Statement.

The Principal will inform the Board of any anticipated modifications to budgeted revenues and expenditures which may be required. Administration is not permitted to reallocate or approve expenditures which create a negative account balance in approved budget funding by major category (as defined by the CDE Chart of Accounts) without Board consent.

SECTION 4. EXPENSE PROCEDURES

- Purpose

In order to track expenses, the following procedures must be followed by anyone conducting school or school-related business. Proper authorization must be obtained prior to making a school related purchase otherwise the person assumes all risk associated with making this purchase including the possibility of not being reimbursed. Individuals are expected to provide receipts whenever reimbursement is requested. Exceptions to this procedure will be permitted only in rare exceptions, when allowed by the Principal.

- Purchasing Authority

The Board assigns the overall responsibility for purchasing approval to the Principal. The Principal or designee shall have the authority to independently issue purchase orders for amounts within budget parameters. Purchase orders outside of budget parameters shall require consent of the Board and signature by a Board officer.

- Signature Requirements

The Principal, Assistant Principal, Board President and Board Treasurer (collectively, the “Signatories”) shall have authority to approve BFA business related checks. Material Expenses (“Material Expenses” are expenditures, including capital expenditures, that are outside of the annual budget and exceed a threshold determined by the Board that is subject to periodic change) must be approved by the Board before any authorization for expenditure or commitment to a project is given. Whether or not an expense is a Material Expense, checks over \$2,000.00 must have two original signatures from these Signatories. Please note: any expenditure from the Capital Reserve/Insurance Reserve Fund requires BFA Board consent as per CRS §22-45-103.

- Credit Card Policy

Corporate Credit Cards

Corporate credit cards will be assigned to designated administrative staff for school related purchases and travel expenses. Credit card limits will be set by the Board. Each staff member will also receive a budget amount which will correlate to the use of this credit card. It will be the responsibility of the staff member to ensure that this budget is not exceeded. It is expected that staff members will exercise due care and judgment when using the school credit card.

Teacher Purchase Cards

Teachers will be provided a declining balance Purchase Card (PCard) for purchasing classroom supplies. The balance will be set annually based upon the number of students in the teacher's classroom for that year. Any purchase on the PCard will be deducted from the teacher's classroom budget. If the teacher misses more than one deadline for submitting monthly statements, his/her card will be revoked. It is the responsibility of the teacher to ensure purchases are tax exempt and to track down missing receipts (no exceptions, all purchases must be tax exempt and documented with an original receipt).

Documentation & Reconciliation Procedures

At the close of each month, monthly statements will be distributed by the Business Manager and a due date will be set. Cardholders must attach detailed, original receipts and return the statement to the Business Manager within the set time frame of receipt of the statement to enable timely reconciliation and payment of amounts due. The Business Manager will review and ensure all transactions have been entered into the financial software. Statements and receipts will then be submitted to the Business Manager for account reconciliation and payment.

The Board Vice President will review the statement for the Board Treasurer's credit card account. On a quarterly basis, the credit card statements and supporting original documentation/receipts must be reviewed by the Treasurer or the Finance Committee of the Board. The purpose of the review is to ensure items charged to the credit card meet all Board Policies and Procedures, are reasonable and justifiable and are adequately supported by original receipts and explanations for expenditures.

SECTION 5. PAYROLL PROCEDURES

- **Purpose**

This policy ensures that all BFA employees be paid correctly and in a timely manner while conforming with the requirements established by the Federal Wage and Hour Division within the U.S. Department of Labor. BFA will operate on a monthly payroll cycle with payment being made by the last business day of every calendar month.

- **Board Approval**

Employee wages and salaries are established by the Principal and approved by the Board. Pay structure for all employees as well as contractor rates will be included in this analysis. The Board reviews and approves all budgets, including the Payroll Procedure, each fiscal year as part of the Financial Planning and Budgeting Procedure.

- **Hourly Employees**

Hourly employees will be required to punch in and out utilizing a Time and Attendance tracking system. At the end of every time period, time sheet data must be verified and approved electronically by the employee and their immediate supervisor. Once approved, the pay period will be closed and the time card information will be used by the Business Manager for final review and payroll processing. Any changes to the

timecards after the pay period is closed will require signature by the employee and Business Manager.

- **Benefits**

In addition to the hourly or salary rate, employees working over 30 hours per week may be eligible for Health Insurance benefits, as underwritten and administered by a third party administrator chosen by the Board.

Employees must contribute to the Public Employee Retirement Association (PERA) as per Title 24, Article 51 Section 309 of the Colorado Revised Statutes.

- **Salaried Employees**

Salaried employees are not required to punch in/out via a time clock but will need to have days of leave or time off approved by the Principal or his/her designee.

Employees are responsible for submitting Time-Off Requests via the payroll system to be approved by their supervisor. Once approved, these requests will be recorded in the Leave Calendar so that they are visible by all administration.

- **Printing and Distribution of Payroll Checks & Transfers**

Once all payroll data has been approved, the Business Manager will upload data from the Time and Attendance system to the Payroll System for processing. Once the payroll cycle is complete, a report outlining all payroll deductions and withholdings will be submitted to the Business Manager so that all bank transactions and adjustments can be entered.

- **Record Retention**

All records will be retained in accordance with the Division of State Archives and Public Records' permanent records control schedule authorization. Destruction of any financial record will be done in compliance with the procedures set forth in this same schedule.

SECTION 6. COLLECTION AND DEPOSIT PROCEDURES

- **Purpose**

This section of the document defines and outlines BFA's policy with respect to the handling, receiving, transporting and depositing of cash ("Cash"). The term Cash includes currency, checks, money orders, negotiable instruments and charge card transactions.

BFA 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 BFA are considered BFA funds.

- **Introduction**

The collection and control of Cash at BFA are very important functions. The Business Manager is the primary Cash handling agent.

- Safekeeping of Funds

All forms of Cash (currency, checks, money orders, negotiable instruments and charge card transactions) should be physically protected through the use of locked cash drawers and/or locked metal boxes. The preferred cash/payment collection method will be Revtrak. All field trips, fees, etc. should be directed through Revtrak. In such rare cases where teachers are collecting cash/payments directly it is the responsibility of the teacher to make whatever provisions are necessary to properly safeguard the cash receipts in their area. Cash in excess of \$500.00 must be maintained in the locked fire-proof file cabinet located in the storage room outside of the teacher lunch room.

- Frequency of Deposits

Deposits will be prepared by the Business Manager in a timely manner, generally not less than once per week, to ensure proper posting of accounts and to ensure the safety of BFA funds. All bank deposits are to be made by the Business Manager at a bank acceptable to the Board and Principal as required. Cashing checks from BFA deposits, borrowing cash for personal use, lapping receipts to cover shortages in cash receipts, withholding checks for deposit in order to float checks, commingling of personal and BFA funds, and improperly modifying cash records are all serious offenses and may result in immediate discharge from employment and/or prosecution.

- Returned Check Procedures

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

- Collections

- Preschool Tuition

- 1) Child(ren) no longer attending. Family will be billed and notified using reasonable efforts to collect/resolve. In the event that tuition is not received and no arrangements are made to resolve the debt, the account may be sent to collections.

- 2) Child(ren) still attending. Family will be notified that provided tuition is not received and, if no arrangements are made to resolve the issue, enrollment may be suspended/terminated. As part of the notification, families will be advised that in the event that enrollment is suspended/terminated there is no guarantee that the space will remain available (i.e. space may be released to another family). After action is taken terminating enrollment, in the event that tuition is still not received and no arrangements are made to resolve the debt, the account may be sent to collections. In the event that the account is resolved and space is still available, enrollment may be reinstated.

- Full-Day Kindergarten

- 1) Child(ren) no longer attending. Family will be billed and notified using reasonable efforts to resolve. In the event that tuition is not received and no arrangements are made to resolve the debt, the account may be sent to collections.

- 2) Child(ren) still attending. Family will be notified that provided tuition is not received and, if no arrangements are made to resolve the issue, the family will be referred to the Board, which may suspend/terminate the student(s)'s full-day enrollment and revert enrollment to a regular kindergarten schedule (half-day) based on an analysis of class size and other factors. It is at the Board's sole discretion to determine whether or not a child will be moved to half-day kindergarten or remain in full-day kindergarten. The family will be notified of the Board's decision. As part of the notification, families will be advised that in the event that enrollment is reverted to half-day, there is no guarantee that a full-day space will remain available (i.e. space may be released to another family). After these actions are taken, and provided a) child(ren) remain(s) in half-day kindergarten, and b) back tuition is still not received, and c) no arrangements are made to resolve the debt, standard collection procedures will be followed. If the family leaves altogether and the matter remains unresolved, the account may be sent to collections.

- Student Fees

- 1) Child(ren) no longer attending. Family will be billed and notified using reasonable efforts to resolve. In the event that fees are not received and no arrangements are made to resolve the debt, the account may be sent to collections.

- 2) Child(ren) still attending. During the remaining school year, reasonable efforts will be made to collect any balances owed. The family will be offered a payment plan.

- Other Fees (BASE/camps, transportation, late fees, etc.)

- 1) Child(ren) no longer attending. Family will be billed and notified using reasonable efforts to resolve. In the event that fees are not received and no arrangements are made to resolve the debt, the account may be sent to collections.

- 2) Child(ren) still attending. During the remaining school year, reasonable efforts will be made to collect any balances owed. The family will be offered a payment plan. In the event that fees are not received and no arrangements are made to resolve the debt, the account may be sent to collections.

- Petty Cash Funds

The Business Office may determine a need for the use of petty cash funds. A petty cash fund ("Petty Cash") is a small amount of currency issued (not more than \$500) and held by the Business Office to cover payments of day-to-day miscellaneous purchases and postage charges. Petty Cash is not to be used to circumvent BFA procedures and record keeping in regards to purchases and payments.

The Business Manager is the primary Petty Cash handling agent and is responsible for its safekeeping, disbursing and balancing. The Business Manager is fully responsible for the safekeeping of Petty Cash and for its proper usage. The Business Manager must exercise caution in the administration and protection of Petty Cash in his/her possession. Access to Petty Cash should be limited to the Business Manager. Petty Cash should be locked in an office safe, file safe, or reinforced lockable file at all times and the key should be kept in the Business Manager's possession. At no time should Petty Cash be left in unlocked desk drawers or cabinets. Petty Cash funds must not be commingled with any other funds or used for any purposes other than those listed in this policy. Any discrepancies in Petty Cash are the responsibility of the Business Manager.

No money may be loaned or borrowed from Petty Cash for personal use, and it may not be used to cash personal checks.

SECTION 7. EXPENDITURE PROCEDURES

- **Purpose**

This procedure is the process for the approval and monitoring of Material Expenses for BFA.

- **Introduction**

Approval of Material Expenses must be given by the Board before any expenditure is made or commitment to a project is given. All authorized Material Expenses must align with the plans, direction, mission and vision of the Board.

Projects requiring Material Expenses must be 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 by BFA needs to be specified.

- **Application Process**

Applications for projects requiring Material Expenses must include a cost-benefit analysis with all applicable quotations/estimates. Once the capital improvement is approved, the Board will notify the Principal. Purchasing/procurement should not begin until approval is received.

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