

Alpha Charter of Excellence
ACCOUNTING
POLICIES & PROCEDURES MANUAL

Introduction

Alpha Charter of Excellence are Charter Schools operated under the sponsorship of the Miami Dade School District.

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TITLE: **GENERAL OFFICE PROCEDURES**

Purpose: To explain the procedures for performing general office duties.

1.0 Handling of Mail

- 1.1 The office manager, or designee, will be responsible for checking the mailbox on a daily basis and receiving all incoming mail. All incoming mail will be date stamped before distribution.
- 1.2 A copy of all outgoing correspondence will be maintained in the appropriate office file.

2.0 Property and Supplies

- 2.1 Office equipment and supplies are to be used for official business only. All property and supplies should be stored in a secure location.
- 2.2 The clerical support staff will maintain an inventory of basic office supplies used. Request for supplies should be submitted to the office manager for approval through the Superintendent

3.0 Purchasing

3.1 All office supplies must be ordered through the Principal or designee. Once a purchase has been approved, the requisite documentation required by specific grantors and/or the bookkeeper will be prepared and executed by the Superintendent or designee.

3.2 Purchase orders will include:

- Purchase order numbers
- Date
- Vendor Name
- Vendor Telephone Number
- General Description
- Amount (Estimated)
- Preparer's Signature and Date

4.0 Telephone Use

4.1 The office telephones are for official business. Occasional local personal calls are acceptable, but employees are urged to keep them to a minimum.

4.2 Any employee making long distance calls on behalf of the organization shall keep a record of such calls. An employee shall not use the telephone for personal calls.

TITLE: ACCOUNTS PAYABLE, CASH DISBURSEMENTS AND ACCRUED EXPENSES

Policy: Proper internal control will be followed to ensure that only valid and authorized payables are recorded and paid. Accounting procedures will be implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments.

Purpose: To explain the procedures for documenting, recording and issuing payments for accounts payable transactions.

Scope: This procedure applies to all purchases including COD amounts and reimbursement of travel and expense reports.

Procedures:

1.1 Documenting accounts payable

1.2 After being stamped with the "date received" stamp, all:

Purchase Orders with purchase requisition, if applicable and Vendor invoices will be placed in an accounts payable file.

2.0 Recording of Invoices and Check Request

- 2.1 The invoices will be matched to the purchase order request from Alpha Charter of Excellence School
- 2.2 All invoices will identify the bank account and other special instructions for payment, if applicable.
- 2.3 The Principal will approve all invoices before being delivered to the administration office.
- 2.4 The Check Request Form will follow the same procedure 2.1-2.3 except purchase orders may be omitted subject to Superintendent approval.
- 2.5 Approved invoices and check request will be entered into the accounting system for proper coding and payment

3.0 Payment of accounts payable

- 3.1 Weekly, accounts payable invoices will be selected for payment according to their payment terms unless otherwise determined by the Principal or designee. Any credit balances (amounts owed to Alpha Charter of Excellence School) should be applied to the invoice amount when determining payment.
- 3.2 After the checks are printed, a copy will be made to be attached to each invoice.
- 3.3 The original checks will be paper clipped to the copied check and invoice.
- 3.4 The original checks and all backup will be sent to the Principal for final approval and signature.
- 3.5 Original checks will be mailed as assigned by the Principal, while the attached backup will be returned to the administration office for filing.

4.0 Accrued Expenses

- 4.1 Alpha Charter of Excellence School will be responsible for preparing records of accrued expenses at the end of each month. Accrued expenses represent amounts due for services or benefits that Alpha Charter of Excellence School has received but are not yet payable.
- 4.2 Alpha Charter of Excellence School will determine the proper amount of each expense that should be accrued.
- 4.3 Once all amounts have been determined, the accrued expenses will be recorded in the accounting system.

TITLE: BAD/NSF CHECKS

Policy: Checks returned by the bank and designated uncollectible are to be processed in a method to avoid confronting or embarrassing clients/donors while ensuring that the funds will be collected.

Purpose: To establish guidelines to be followed for bad checks.

Scope: This procedure applies to all checks returned that are designated uncollectible such as "insufficient funds" or "uncollected funds."

Procedures:

1.0 RETURNED CHECKS

- 1.1 Checks that are dishonored by the bank due to insufficient funds are not re-deposited. Once a check has been returned collection process begins immediately, via phone call to the payer.

2.0 REDEPOSITED CHECKS

- 2.1 In the event a re-deposited check is returned or if sufficient funds do not exist to cover the check, the check should be turned over to the Superintendent or treasurer immediately.

Further, when more than one bad check is issued by the same party within any three-month period, notify the Superintendent. Do not redeposit the check unless instructed to do so.

The Principal or designee should contact the issuer by phone to report the problem and discuss how the matter will be resolved.

- 2.2 At the Principal's discretion, a check may be re-deposited. Whenever a check is re-deposited more than once, a handling fee of \$25.00 should be charged to the issuer.

TITLE: BANK ACCOUNT RECONCILIATIONS

Policy: Errors or omissions can be made to the cash records due to the many transactions that occur. Therefore, it is necessary to prove periodically the balance shown in the general ledger. Cash on deposit with a bank or other financial institution is not available for count and is therefore proved through the preparation of a reconciliation of Alpha Charter of Excellence School of cash in the bank/financial institution and the bank/financial institution's record of Alpha Charter of Excellence School cash that is on deposit.

Purpose: To outline the procedures for preparation of a monthly bank reconciliation and record keeping of any adjustments.

Scope: This policy statement applies to all bank/financial institution accounts maintained by Alpha Charter of Excellence School.

Procedures:

1.0 FORMAT:

- 1.1 Alpha Charter of Excellence format for monthly bank/financial institution reconciliations, entitled Reconciliation of Bank/Financial Institution and Book Balances to Corrected Balance (See Exhibit 1), is composed of two distinct sections. One section begins with the balance as shown on the bank/financial institution statement and works to a corrected balance. That is the balance the bank/financial institution statement would show t h a t all transactions were recorded by the bank (e.g. outstanding checks, deposits in transit, etc.)

The second section starts with the balance shown by Alpha Charter of Excellence School's records and also works to a corrected balance, the balance that should be shown in Alpha Charter of Excellence records after all transactions are properly recorded (e.g. bank charges, interest, etc.).

2.0 PREPARATION AND RECONCILING ITEMS:

- 2.1 Upon receipt of the monthly bank/financial institution statement including cleared checks, deposit slips and any other transaction notifications, the monthly bank/financial institution reconciliation will be prepared by the accountant, bookkeeper or designee.
- 2.2 The first section of the monthly reconciliation will be started with the ending balance per the bank/financial institution statement.

Next, any deposits in transit that were made by Alpha Charter of Excellence School but were not yet recorded by the bank/financial institution will be listed and added to the bank/financial institution balance.

Next, any checks that were written on the account prior to month-end but which have not yet cleared the bank/financial institution, will be listed and deducted from the bank/financial institution balance.

From these steps, the "corrected" ending balance will be derived for the first section.

- 2.3 The second section of the monthly reconciliation will be started with the ending balance per Alpha Charter of Excellence School books.

Next, any interest or any other bank/financial institution credit items will be listed and added to the balance.

Next, any bank/financial institution charges, transfer fees, etc. will be listed and deducted from the balance.

From these steps, the "corrected" ending balance will be derived for the second section and should equal the "corrected" balance for the first section.

- 2.4 Any discrepancies between these two balances will require research by the accountant, bookkeeper, or designee to determine the cause, such as recording errors, omissions, mis-postings, etc. This can also include recalculation of the bank/financial institution statement for any possible errors made by the bank/financial institution.

3.0 ADJUSTMENTS AND JOURNAL ENTRIES

- 3.1 Any book reconciling items such as interest, bank/financial institution charges and any recording errors will be summarized and drafted in journal entry form for recording in the general ledger.
- 3.2 Further, any outstanding checks over six months old will be reviewed for disposition including write-off by journal entry. A notification is sent to the Principal or designee.

4.0 REVIEW AND APPROVAL

- 4.1 The monthly bank/financial institution reconciliation for each account should be reviewed and approved by the Superintendent or designee (an individual who did not prepare it), via signature and date on the completed forms

TITLE: BANK LOAN APPLICATIONS

- Policy:** The financial management function is responsible for developing Alpha Charter of Excellence School financing plan for capital needs. To expedite loan approval processes, prepare for loan officer questions and as an aid in negotiating loan rates and other terms with multiple lenders, the treasurer or designee will prepare loan proposals according to established procedures.
- Purpose:** To provide guidelines for determination of suitable lending requirements and format and preparation of loan proposals.
- Scope:** This procedure applies to bank loan applications and can be used for alternate forms of financing. Proposals can be used for loan applications for one or more banks or lending institutions.

Procedures:

1.0 ASSESSMENT OF CAPITAL REQUIREMENTS

- 1.1 The board president will be responsible for directing the treasurer in developing borrowing and financial plans to meet the needs of Alpha Charter of Excellence School operations. These plans shall take into account current and projected business conditions and can include the following criteria:

- Capital requirements to satisfy Alpha Charter of Excellence School growth in relation to risk.
- Ability of Alpha Charter of Excellence School to meet present obligations as well as new debt under worse case conditions.
- Appropriateness of capital or debt structure.
- Level or type of debt does not preclude future borrowing or funding capacity.
- Cost of capital in relation to return on investment from use of funds obtained.

The board president will designate which institutions are to be contacted for borrowing purposes and will prepare loan applications with all required supporting analyses and documentation.

2.0 PREPARATION OF LOAN APPLICATIONS

- 2.1 Loan proposals will be drafted with the following information, if applicable:
- Date: The proposal for each bank should be dated with the current date the proposal will be given to the bank.
 - Borrower: The specific legal name of the intended borrowing entity should be listed. This will avoid confusion with other organization subsidiaries and personal loans to officers.
 - Type of Loan: The specific type of loan requested should be listed (i.e. equipment loan, line of credit, etc.) This eliminates any guessing or assumptions by the loan officer.

- Amount: The amount of the loan requested should be determined and listed. It is very important to establish credibility with the loan officer and committees. All numbers should be carefully forecasted and supported with documentation. Asking for too much or too little money can convey uncertainty or doubt about Alpha Charter of Excellence School ability to implement successfully the plans for the loan proceeds.
- Use of Proceeds: As above, the use of proceeds should be listed and well supported by documentation in Alpha Charter of Excellence School business plan and forecasts.
- Term: The desired term of the loan should be listed. If deemed possible, longer terms should be requested to avoid the process of having to renew the loan frequently.
- Closing Date: Set a closing date. For renewals, approximately 30 days after application; for new bank or loan applications, approximately 60 days after application. This communicates a bit of negotiating edge for Alpha Charter of Excellence School by conveying the message that the matter is to be resolved or Gulf Coast Charter Academy will use other banks willing to work within this schedule.
- Takedown at Closing: The amount of funds to be drawn immediately at closing of the loan should be listed. As above, this should reflect the business plan and conveys that Alpha Charter of Excellence School understands its business and financial requirements.
- Collateral: Any assets (i.e., equipment, inventory, accounts receivable, etc.) to be used as collateral for the loan should be listed and appropriately reflect the type of loan.
- Guarantees: This should normally be completed with "none." Alpha Charter of Excellence School should always propose loans based upon Alpha Charter of Excellence School's credit worthiness. However, in certain situations, personal guarantees by the officers may be necessary.
- Rate: For negotiating purposes, rather than have the bank "suggest" the interest rate, it is better to state a reasonable but fair rate for Alpha Charter of Excellence School. The rate should reflect the type of loan and the level of risk we think Gulf Coast Charter Academy represents to the bank.

Repayment Schedule: A realistic repayment schedule should be determined and should correspond to Alpha Charter of Excellence School business plan and financial forecasts.

- Source of Funds for Repayment: The specific source of cash flow to be used for repayment should be identified.

Alternate Source of Funds for Repayment: To satisfy concerns by banks that in the event Alpha Charter of Excellence School does not meet financial projections, the plans on how Alpha Charter of Excellence School would meet the repayment schedule should be listed. For example, liquidating assets, etc., could be used to repay the loan

TITLE: BANKING POLICY AND RELATIONS

- Policy:** The treasurer or designee can arrange with several financial institutions to provide for the operational requirements of Alpha Charter of Excellence School and can invest excess capital funds in certificates of deposit, money market funds, Treasury Notes, Bonds and bills, equities, mutual funds and professionally managed accounts. Further, the treasurer or designee will maintain positive relations with all sources of capital and banking service providers.
- Purpose:** To outline operational banking and investment procedures and maintaining positive relations with Alpha Charter of Excellence School's selected financial institutions.
- Scope:** This procedure applies to all banking activities of the organization. Procedures:

1.0 BANKING RELATIONS

- 1.1 The treasurer or designee will be Alpha Charter of Excellence School's primary representative in dealing with financial institutions. The treasurer or designee will be responsible for meeting with personnel of Alpha Charter of Excellence School's primary financial institutions on a quarterly basis to provide consistent financial information reporting and updates on Alpha Charter of Excellence School's operations to financial institution officials. The treasurer or designee will be responsible for promoting a positive working relationship between Alpha Charter of Excellence School's and the financial institutions. The treasurer or designee will also provide institution officials with Alpha Charter of Excellence School anticipated capital needs or financial service requirements to provide institution officials adequate time to understand, approve and prepare for Alpha Charter of Excellence School's needs.
- 1.2 The treasurer or designee will also perform an ongoing evaluation of the institution's abilities to satisfy the needs of Alpha Charter of Excellence School and will make appropriate changes whenever necessary. Criteria to be used in the evaluating institutions can include:
- Institution Size (appropriate size to meet charter school needs while being small enough to be responsive) - - -
 - Financial safety and capital structure
 - Reputation
 - Location
 - Flexibility and lending philosophy/attitudes
 - Operating efficiency and accuracy (computerization, employee training, etc.)
- 1.3 The treasurer or designee will also determine and document an information profile on qualified institutions with the above information and shall include, knowing how the institution makes its credit decisions, who is responsible or involved in the decision, and how long the process takes.

2.0 BANKING POLICY AND ARRANGEMENTS

- .1 Alpha Charter of Excellence School shall establish a separate account for each fund and/or account group which will be used for all deposits and disbursements related to the fund.

Alpha Charter of Excellence School shall negotiate the following arrangements with all banks/financial institutions:

No service charges for checks, deposits or statements.

No charges for stop payments.

No holdbacks on deposits so funds are available immediately.

TITLE: CAPITALIZATION & DEPRECIATION OF FIXED ASSETS

Policy: Assets acquisitions with a useful life expectancy of greater than one year and with a material unit cost will be capitalized by Alpha Charter of Excellence School and depreciated.

Purpose: The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.

Scope: All acquisitions of capital assets for Alpha Charter of Excellence School

Definitions: Capitalization - Capitalization is the process of recording the purchase of a fixed asset that is generally recorded individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements, computer software and vehicles.

Depreciation - Depreciation represents the write-down or write-off of the cost of the asset over its estimated useful life.

Procedures:

1.0 CAPITALIZATION

- 1.1 All assets with a useful life of greater than one year and a material unit cost will be capitalized and (except for land) will be recorded in the depreciation records. Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.
- 1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.

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- 1.3 Leasehold improvements are to be capitalized if they relate to the occupancy of a new location or a major renovation of an existing location. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.

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- 1.4 The cost of buildings should include all expenditures related directly to their acquisition or construction. These cost include materials, labor and overhead incurred during construction and fees, such as attorney's and architect's and building permits.

2.0 DEPRECIATION

- 2.1 In general, the depreciation methods/lives for assets should be selected for consistent financial reporting and tax purposes. The following depreciation methods and Useful lives should be used for the following asset classifications for financial reporting purposes:

<u>Asset Class</u>	<u>Useful Life</u>	<u>Method</u>
Vehicles	Ten Years	Straight Line
Office Equipment Computers	Ten Years	Straight Line and
Furniture and Machinery	Five/Seven Years	Straight Line
Leasehold Improvements	Five to Eight Years	Straight Line
Buildings	Seven Years	Straight Line

- 2.2 The lowest life permitted by tax regulations for asset classes should be selected to optimize depreciation deductions.

TITLE: FIXED ASSET CONTROL

- Policy:** Proper control procedures will be followed for all capital asset acquisitions, transfers and dispositions in order to provide internal control of capital equipment and to assist in reporting. Management is responsible and accountable for furniture, equipment, machinery and any other capital assets and will maintain some type of control over capital assets. The accountant or designee will assist and evaluate the capital asset control procedures.
- Purpose:** To outline the procedures for acquiring, disposing and maintaining control of capital assets.
- Scope:** This procedure applies to all tangible assets and supplies with a cost basis or fair market value (FMV) of **\$500.00** or greater and with a useful life of greater than one year.

1.0 ACQUISITIONS

- 1.1 All purchases of assets costing more than \$50 and less than \$1000 will be approved by the Superintendent and treasurer. Assets with a cost greater that \$1000 will also require the approval of the Principal

A Capital Asset Requisition form must be completed and approved for all purchases. This form is to be attached to all purchase orders or check authorization forms submitted to the bookkeeper. Management may source the vendor for the purchase of the capital asset or can submit the request to solicit bids to the board of directors for assets costing \$1000 or more.

- 1.2 Any internally constructed or donated equipment will be reported to the bookkeeper if the item cost or has a FMV of \$100 or more. A complete description of the property, date manufactured or received, number of items, cost or estimated value and a statement that it was internally constructed or donated will be included in the report.

2.0 DISPOSITIONS

- 2.1 Capital assets may be sold or traded-in on new equipment. An Asset Disposition form (Exhibit 2) is to be completed and approved by the Superintendent. Any assets with an original value greater than \$1,000 will also require the treasurer or designee's approval.

Upon approval, Alpha Charter of Excellence School may advertise the property for sale or submit a list to the bookkeeper for sale and disposition.

After completion of the sale, the Asset Disposition form will be submitted to the accountant. The accountant will delete the item from the asset records and record any gain or loss on the disposition.

- 2.2 Worn-out or obsolete property with no cash value will be reported to the bookkeeper on the Asset Disposition form with description, serial number and condition. The bookkeeper will inspect all worn-out or obsolete property before it is removed from Alpha Charter of Excellence School and discarded. The asset will then be removed from the asset records.
- 2.3 Any asset that is missing or has been stolen will be reported in writing as soon as possible. The description, serial number, and other information about the lost item should be included in the report.

The Superintendent or treasurer will determine the proper course of action and will notify Alpha Charter of Excellence School insurance carrier and any outside authorities if deemed appropriate. If not recovered, the asset will then be removed from the asset records.

3.0 ASSET RECORDS

- 3.1 Upon any asset acquisition, the bookkeeper or designee is responsible for assigning and attaching asset number labels to the property where it can be readily located.

The bookkeeper will then maintain a detailed Tangible Asset Log. Each asset that receives an asset label will be recorded on the log. This log will display the asset label number assigned to the asset, the date the asset was purchased, the date the *asset* was *labeled*, the cost or FMV of the asset, the location of the asset, *the* description of the asset and the date the asset was disposed of, if applicable.

- 3.2 On an annual basis, the Tangible Asset Log should be reviewed to verify the accuracy of the log. Any discrepancies noted should be reported to the bookkeeper to be resolved.

Title: CHECK REQUEST

Policy: To ensure efficient processing and record keeping. All manual check requests will be prepared on a written check request form.

Purpose: To describe the process for completing a check request form.

Scope: All manual check requests.

Procedures:

1.0 ORIGINATION

- 1.1 Whenever an employee requires a manual check to be issued, such as picking up items or for cash on delivery items, a Check Request form (Exhibit 1) should be obtained from the forms area. The Check Request form should be completed with all pertinent information and receive appropriate approval.

2.0 PROCESSING

- 2.1 The form should then be forwarded to the bookkeeper for check preparation and signature by the authorized check signers.

If a check is to be mailed directly to the vendor, any applicable documentation, such as order forms, etc., should be attached to the form.

Title: CHECK SIGNING AUTHORITY

- Policy:** A limited number of employees and board officers will be authorized to sign checks, and there shall be no fewer than three individuals at all times.
- Purpose:** To outline "dollar limits" and check signing authority levels.
- Scope:** This procedure applies to all regular checking accounts of Alpha Charter of Excellence School
- Procedures:**

1.0 AUTHORIZED CHECK SIGNERS

- 1.1 Authorized check signers must be approved in writing and require Board of Directors authorization. Superintendent will have check signing authority. Additional individuals with or without dollar limitations may be authorized as necessary.
- 1.2 The chairman may revoke check-signing authority. Any person who is no longer entitled to sign charter school checks will be notified in writing. The treasurer will oversee the proper notification of Alpha Charter of Excellence School financial institutions whenever authorized signature changes are made.

2.0 SIGNATURE LEVELS REQUIRED

- 2.1 The following signature levels will be required according to the dollar amount of the check:
- Less than \$10,000 -A check issued for an amount less than \$10,000 requires two different authorized signatures.
 - Greater than \$10,000 - A check issued for greater than \$10,000 requires two signatures, one of which must be that of Alpha Charter of Excellence School treasurer. The second signature can be that of any authorized employee or board officer.

TITLE: PAYROLL RECORDS AND PROCEDURES

Policy: Payroll will be processed to ensure accuracy, validity of transactions and proper internal control procedures will be maintained to assure that all disbursements are for valid services performed.

Purpose: To outline the steps for payroll processing activities.

Scope: This procedure applies to all accounting personnel involved with payroll processing.

Procedures:

1.0 PERSONNEL RECORDS, MANAGEMENT AND CHANGES

1.1 Personnel records for hiring, classification, rate changes and termination are explained in the personnel policies manual. Payroll processing will be performed in conjunction with the following related personnel procedures.

- Employee Hiring and New Employee Orientation
- Paid and Unpaid Time Off - Pay and Payroll matters
- Performance Appraisals and Salary/Wage Adjustments - Resignations and Terminations

2.0 PAYROLL PROCESSING

- 2.1 The bookkeeper will receive completed and approved timesheets from department managers according to the procedures outlined in the personnel policies.
- 2.2 Once timesheets have been received, the bookkeeper or designee will review for completeness and then perform calculations for payroll, payroll deductions and other accruals. The bookkeeper or designee will then prepare summary worksheets of payroll information and present along with supporting documentation to the Superintendent for review and approval.
- 2.3 Once the summary has been approved, the bookkeeper or designee will enter the information into the computer for processing.
- 2.4 A payroll report will be printed before printing checks to verify accuracy and completeness. If correct, checks should be printed. If incorrect, the necessary corrections should be made and reviewed (validated). Validated payroll checks will then be presented for signing and distribution.

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Payroll tax deposits will be determined and timely submitted to the Department of Treasury (IRS), as required, using Form 8109 "Federal Tax Deposit Coupon" or the Electronic Tax Payment System.

All payroll related returns will be prepared by the accountant or designee, and approved/signed by the Superintendent or any board officer.

3.0 PAYROLL RETURNS

- 3.1 Quarterly prepare Form 941 - Employers Quarterly Federal Tax Return and file with the Internal Revenue Service, which is due on the last day of the month following the end of the quarter being filed (i.e. the first report Form 941 is for the period January 1 through March 31 and is due April 30).
- 3.2 If Alpha Charter of Excellence School has four (4) or more employees, then Form UCT- 6, Employer's Quarterly Tax Report is required to be filed with the Florida Department of Labor, and is due on the last day of the month following the end of the quarter being filed.
- 3.3 At the end of the calendar year, Forms W-3, Transmittal of Wage and Tax Statement and Form W-2, Wage and Tax Statement are to be completed for all employees and submitted to the Social Security Administration.

TITLE: PETTY CASH

Policy: To facilitate authorized minor business expenses, employee reimbursement policy is established

Purpose: To outline the procedure for employee reimbursement

Scope: These procedures apply to all employees of Alpha Charter of Excellence School

Procedures:

1.0 FUND CONTROL

1.1 Reimbursements for authorized minor business expenditures will be requested through the regular check request process. (See Check Request Procedures).

Title: PROPERTY TAX ASSESSMENTS

Policy: All non-exempt property tax assessments will be reviewed for accuracy and proper assessed valuations to ensure minimum property tax costs to Alpha Charter of Excellence School

Purpose: To ensure annual filing of exemption for all eligible properties; to outline the areas for review in assessments and methods for appealing overstated assessments on taxable properties.

Scope: This statement applies to property tax assessments for all property owned by Alpha Charter of Excellence School

Procedures:

1.0 REVIEW OF ASSESSMENTS

1.1 All assessments are to be promptly reviewed. Any qualified properties used by Alpha Charter of Excellence School for its exempt purpose should apply for exemption annually. Many jurisdictions only allow a challenge to an assessment within 30 days after the annual notice as assessed value is sent. If Alpha Charter of Excellence School fails to meet the deadline, it loses the chance to reduce the year's property tax. There are normally no refunds for prior years' property taxes even if successfully challenged in the future. Often, it may be advisable to begin the analysis process prior to receiving the assessment notice.

1.2 When reviewing an assessment, the first step is to find out how the property was assessed. Ask for a full explanation of how the assessed value was derived.

Assessors are usually cooperative in providing this information.

2.0 APPEALING OF ASSESSMENTS

- 2.1 If upon review of the assessment and all other factors, Alpha Charter of Excellence School Academy believes a downward adjustment to the property assessment is appropriate, an appeal should be prepared.
- 2.2 Once a sound case is prepared, an appeal can be sought by simply calling the local assessor's office and asking for an appointment to discuss the assessment. The meeting with the local assessor will generally be informal. It is important not to be adversarial with the assessor but to present the attitude that Alpha Charter of Excellence School is helping the assessor to reach a more accurate valuation for the property by presenting additional information.

TITLE: RECORDING TRANSACTIONS IN THE GENERAL LEDGER

- Policy:** The accountant or designee is responsible for the proper posting of journals and entries to the general ledger and for the maintenance of the accounts to ensure accuracy, validity and reliability of financial records.
- Purpose:** To describe the functions for recording transactions and maintaining the general ledger.
- Scope:** This policy applies to all accounting personnel with involvement in recording accounting transactions.
- Procedures:**

1.0 POSTING TRANSACTIONS AND JOURNALS

- 1.1 The computerized accounting system aids in the maintenance of journals and posting of transactions to general ledger accounts. The following functions should be performed on a monthly basis to update the general ledger for the month's activities:
- a. All activities recorded in journals will be posted to the general ledger using the computerized posting feature. These journals include:
 - General Journal
 - Purchases Journal
 - Cash Receipts Journal
 - Cash Disbursements Journal
 - Payroll Journal
 - b. The recurring adjusting journal entries will be posted via the general journal. Recurring journal entries will be established for adjustments that occur equally each monthly accounting period. Recurring journal entries can include the following:
 - Accruals of interest expense not paid during the accounting period.
 - Amortization of prepaid expenses Depreciation of fixed assets

Recurring journal entries will be reviewed monthly and adjusted accordingly.
 - c. Adjusting journal entries will be prepared for transactions that have not been recorded in other journals or to correctly restate account balances to accurate amounts. The need to make adjusting journal entries may be due to the following:

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- Accrual of income and expense items - Correction of errors - Recording non-cash transactions

- 1.2 All journal entries will be reviewed and authorized by the treasurer or designee before being posted. Adequate supporting documentation will be prepared for each journal entry.

2.0 TRIAL BALANCE

- 2.1 After posting all journals and adjusting entries, a trial balance will be printed. The trial balance will be reviewed to ensure that the general ledger is in balance. Next, all control accounts in the general ledger will be reconciled to subsidiary ledgers. Any differences will be investigated and appropriate adjustments will be made.
- 2.2 The treasurer or designee will make final review of the trial balance for accuracy and proper reflection of account balances before printing financial statements.

TITLE: RELEASE OF FINANCIAL OR CONFIDENTIAL INFORMATION

- Policy:** The release of financial, personnel, statistical or other information that may be of a confidential nature will be controlled and every request will be referred to the Superintendent or treasurer.
- Purpose:** To provide a means for the control of information to banks, media, credit bureaus, or other agencies and organizations.
- Scope:** Any requests by an outsider to an employee regarding financial, personnel, students or other information of Alpha Charter of Excellence School. If in doubt, verify with the Superintendent or treasurer.
- Procedures:**

1.0 WRITTEN REQUEST

- 1.1 Typical requests are for additional information concerning details of the published financial statements, litigation progress, insurance coverage, personnel, students, etc.

If the request is by letter or written correspondence, the materials shall be forwarded to the Superintendent or treasurer who will review the information to be released and who will be authorized to reply.

2.1 TELEPHONE/PERSONAL REQUEST

- 2.2 If the request is by telephone or a personal visit to our office, the requester will be referred to the Superintendent or designee. If either one is unavailable, the requester should be asked to provide their name, organization, telephone number and address, if possible. Also they should be asked the reason for the request and a brief description of the information desired. This information should be written down and forwarded to the Superintendent or designee for follow-up.

TITLE: YEAR-END CLOSING

Policy: An orderly, timely and comprehensive closing of all accounts will be performed by the accountant or designee to assure an accurate representation of Alpha Charter of Excellence School financial statements and to provide the necessary documentation for Alpha Charter of Excellence School independent auditors.

Purpose: To provide a general overview of the process to be completed for closing the accounting records at year-end.

Scope: This procedure applies to all accounting personnel and covers all accounts.

Procedures:

1.0 ASSETS

- 1.1 Assets should be fairly stated, generally at realizable amounts. Work papers should show the basis and when required, how the amounts were calculated.
- 1.2 Cash - Prepare bank reconciliations for year-end of balance per bank to the balance per books for each account. Show original dates and descriptions of each reconciling item. Prepare necessary journal entries and adjust the reconciliations.

Prepare a summary of all petty cash and change funds. Totals must agree with the general ledger.
- 1.3 Investments - Prepare a list of all securities on hand at year-end by location held such as broker or bank. Use full names and show the face amount or number of shares and date of acquisition. Determine cost and market values. Calculate accrued interest.
- 1.4 Accounts Receivable - Obtain aged trial balances and reconcile to general ledger. Calculate possible allowance for uncollectible accounts and obtain approval of treasurer. Adjust allowance to calculated amount. Write off any unallocated differences.
- 1.5 Other Receivables - Prepare schedule of grants and other miscellaneous receivables and reconcile to general ledger. Comment on collectibility, if material.
- 1.6 Inventories - Prepare a summary of all properties held in inventory. Reconcile inventories from physical inventory to year-end balances. Explain significant variations from prior year.
- 1.7 Fixed Assets - Prepare a schedule of assets and related allowances for depreciation. Reconcile allowance additions to total depreciation expense. Trace disposals to capital gain and loss schedule or to expense if items were scrapped or discarded

2.0 LIABILITIES AND NET ASSETS

- 2.1 Liabilities are shown as the amount to be paid in the subsequent period. Overstatement rather than understatement is the rule for liabilities. If in doubt, record the liability.
- 2.2 Accounts Payable - Determine that all items paid through year-end are not shown on the accounts payable list. Accounts payable shall be kept open for 45 days after year-end in order to receive invoices and record in the accounts payable list. After this 45 day period, maintain a list of any items over \$1,000 that are received or paid that are not included in accounts payable but relate to that year-end period.
- 2.3 Accrued Payroll - Calculate accrued payroll and vacation pay due by the number of days outstanding at year-end. Include any incentive bonuses or other special payroll payments.
- 2.4 Other Accrued Expenses - Review accruals for payroll taxes, payroll deductions payable, interest expense on short term borrowings and long term debt. Determine cost of audit and legal services through year-end and record.
- 2.5 Income Taxes Payable - The Federal tax payable schedule will be prepared with the assistance of the auditors. (This is applicable only if Alpha Charter of Excellence School has unrelated trade or business income, which does not relate to its exempt purpose).
- 2.6 Current Liabilities - Prepare a schedule of debt and calculate and record the current portion due within one year and accrued interest.
- 2.7 Contingent Liabilities and Commitments - Prepare a schedule of any outstanding litigation and possible loss. Prepare a schedule of all long-term rental agreements.
- 2.8 Net Assets - Bring permanent file of all net asset accounts up to date.

REVENUES

- 3.1 Prepare a schedule of all revenues and compare amounts to prior year. Evaluate and comment on any significant differences. Prepare a memorandum on new revenue accounts. Also prepare a schedule of revenues by program for inclusion in the annual report.

4.0 EXPENSES

- 4.1 Each expense total should be compared to the prior year and unusual variances reviewed and explained. Several expense items are directly related to asset or liability accounts and the worksheets for the related accounts should be prepared at the same time and shown on one schedule.
- 4.2 Payroll - Prepare a schedule of all payroll and employer taxes and reconcile to payroll expense. Prepare a schedule of annual payroll and benefit levels for each charter school employee for the auditors and annual report.
- 4.3 Legal and Professional Fees - Prepare a schedule of all legal invoices with the amount and brief description of services rendered. Reconcile total to Legal expense.

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- 4.4 Bad Debt Expense - Prepare a list of all accounts written off during the year. Note specifically any additions to the allowance for uncollectable accounts.
- 4.5 Interest Expense - Prepare a schedule of interest expense by source. Reconcile amounts to short term borrowing and long-term debt.

TITLE: FILES AND RECORD MANAGEMENT

Policy: Alpha Charter of Excellence School will retain records in an orderly fashion for time periods that comply with legal and governmental requirements and as needed for general business requirements.

Purpose: To outline the methods for filing, retaining and destroying business records.

Scope: This procedure applies to all business documentation generated by Alpha Charter of Excellence School. However, this does not necessarily cover internal or certain day-to-day business correspondence.

Procedures:

1.0 CURRENT FILING SYSTEM

- 1.1 To ensure efficient access, filing centers will be established. To reduce the amount of duplicate and unnecessary record retention, individual desk files should be avoided unless they are used in daily operations. All other records should be filed in central filing areas.
- 1.2 Unless necessary, records should usually only be kept by the originator or sender and not by the receiver to avoid duplicate filing systems.
- 1.3 The following guidelines should be adhered to optimize filing efficiency and records access:
 - All file cabinets and files will follow recognized rules of order, such as Left to Right, Top to Bottom, Front to Back and in the case of chronological records, newest to oldest.
 - File markers and label headings will always be placed at the beginning or front of a file or group of files.

Alphabetical files should always be filed under broad topical categories. Files should never be filed under individual employee names (except personnel) to avoid confusion and refiling in the event of turnover. Files should always be filed under the "proper" or charter school's name whenever appropriate. In the case of individuals, files should be maintained according to the persons "Last name", then "First name and Middle initial".

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2.0 RECORD RETENTION AND LONG TERM STORAGE

- 2.1 Storage of archived records will be maintained in the locked storage area of Alpha Charter of Excellence School or designated public storage facility. Access to this area will be limited to the Superintendent, treasurer, officers of Alpha Charter of Excellence School and the File Manager.
- 2.2 Non-permanent files will be stored in cardboard file boxes. Each file box will be labeled on the front with the contents, dates covered, and destruction date if applicable. Permanent records will be maintained in metal fire-resistant file cabinets.
- 2.3 Files should be stored in boxes with similar items, dates and retention periods. This will allow for easier access and purging of records. A general rule to keep in mind is that it is better to only half fill a file box than to file dissimilar types of files in the same box. The file manager will be responsible for categorizing and maintaining a listing of records maintained and the location (i.e. by wall unit and shelf row number).
- 2.4 These holding periods will be maintained for the document listed below. Any questions regarding documents not listed should be directed to the File Manager.

<u>Document</u>	<u>Holding Period in Years</u>
Accident Reports After Settlement	8
Accounts Payable (Vouchers & Invoices)	6
Bank Statements and Reconciliations	6
Canceled Checks	6
Cash Receipt Books	6
Claim Files (Against Us)	6
Claim Files (By Us)	6
Contracts, Agreements & Leases after Expiration	6
Credit Files	6
Employee Records (Terminated)	6
Financial Statements (internal)	5
Financial Statements (External)	6
General Ledgers and Journals	6
Income and Other Tax Returns	6
Insurance Claims After Settlement	6
Patents and Licenses	17
Payroll Registers and Time Sheets	6
Payments and Reports to Government Agencies	6
Physical Inventory Records	6
Purchasing Correspondence	6
Sales/Reimbursement Correspondence	2
Sales/Reimbursement Invoices	6
Student Records	12
Travel and Expense Reports	6

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RECORD DESTRUCTION

- 3.1 Three to six months after each year-end, the file manager will proceed with the destruction of all files that have exceeded their recognized holding period.
- 3.2 A listing of file categories to be destroyed will be circulated to all the officers thirty days prior to destruction for review and comment. The actual listing of records destroyed will be maintained permanently for future reference.
- 3.3 Destruction of the files will be by shredding. Disposal of records into Alpha Charter of Excellence School general trash service is not allowed.

TITLE TRAVEL AND ENTERTAINMENT

- Policy:** All reservations required for business travel and entertainment are to be made through the Superintendent or designee. Expenses are to be within established charter school guidelines and will be reimbursed with proper documentation.
- Alpha Charter of Excellence School recognizes that employees who travel far from home to represent Alpha Charter of Excellence School's business interests must forego their living accommodations and may forfeit personal time. Accordingly, Alpha Charter of Excellence School will make efforts to provide comfortable and secure accommodations for lodging, meals and travel for employees. However, these items are not intended to be perquisites and Alpha Charter of Excellence School reserves the right to deny reimbursement of expenses that are considered lavish or extravagant.
- Purpose:** To provide guidelines relative for travel and entertainment expenses and the procedures for reimbursement.
- Scope:** This procedure applies to all individuals who travel and entertain for Alpha Charter of Excellence School

Procedures:

1.0 TRAVEL ARRANGEMENTS

- 1.1 All arrangements required for business travel are to be made by that individual.
- 1.2 To arrange for travel, complete the Travel Arrangements form (Exhibit 1) with all pertinent information and receive approval. The form should then be forwarded to the Superintendent. For maximum savings on airfares, this form should always be completed at least 30 days in advance unless an emergency trip is required.
- 1.3 Cash Advances - To help ensure accurate and timely expense report preparation and reduce the additional paperwork required to process and track expenses, Alpha Charter of Excellence School Academy generally discourages cash advances unless special circumstances apply. Employees are encouraged to use credit cards with a grace period to provide float time between incurring the expense and receiving reimbursement from Alpha Charter of Excellence School

If an employee requires a cash advance, the amount should be completed on the travel arrangements form with a supporting explanation for the advance. The advance request will then be forwarded for processing.

When a cash advance is received, the employee will reduce their expense reimbursement by the amount of the cash advance. In the case where the cash advance exceeds the expenses for the report submitted, the remaining cash must be turned in with the expense report. Amounts owed to Alpha Charter of Excellence School cannot be carried forward to future expense reports. Any advance outstanding will be deducted from the employee's paycheck.

- 1.4 Direct Billings - Direct billings to Alpha Charter of Excellence School from

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motels, restaurants, etc. are not permitted.

2.0 EXPENSE GUIDELINES

- 2.1 Air Travel - Make airline reservations based on the following criteria:
- Expediency: Getting the employee to their destination in an expedient way. (Direct flights when possible or connecting flights if necessary for faster flight schedules).
 - Cost: Employees will fly coach class.
 - Carrier: An employee's preferred airline can be utilized as long as expediency and cost factors are equal.
 - Employees must use regularly scheduled airlines and obtain the lowest (discount) fare available. This may mean that the employee will fly at times that is not always the most convenient for them.
- 2.2 Lodging - Employees are expected to use sound business judgment in selecting accommodations. In many cases a corporate rate is available and the employee should request this rate when registering at the hotel.
- Suite accommodations are not permitted; Alpha Charter of Excellence School pays only for single rooms. An upgrade to a security room is a personal expense unless the hotel is in a place or a city that is designated to be a risk to all travelers.
- If late arrival is guaranteed and the reservation must be canceled, the cancellation must be made within the time allowed. Alpha Charter of Excellence School will not pay for no-shows. All charges shown on the expense report form should be itemized to show hotel charges, meals, telephone charges, etc. In-room movies and use of mini-bars are considered personal expenses and therefore not reimbursable.
- The employee will be reimbursed, less any travel advance for bills paid. The original detailed hotel bill as to be attached to the expense report. Photocopies of receipts will not be accepted. The employee will use Alpha Charter of Excellence School sale tax exemption certificate; Florida sales taxes will not be reimbursed.
 - Employees will not be reimbursed for overnight travel within fifty (50) miles (one way) of Alpha Charter of Excellence School office or their residence unless the circumstances necessitating the overnight stay is fully explained by the employee and approved by the Superintendent.
- 2.3 **Meals** - For out of county travel, employees shall be allowed reimbursement for subsistence. Subsistence allowances for meals shall be paid at the following current rates:
- BREAKFAST: When travel begins before 6:00a.m. and extends beyond 8:00a.m., the traveler is entitled to an allowance for breakfast of \$3.00.

- LUNCH: When travel begins before 12:00 noon and extends beyond 2:00p.m., the traveler identified to an allowance for lunch of \$6.00.

DINNER: When travel begins before 6:00p.m. and extends beyond 8:00p.m., the traveler is entitled to an allowance for dinner of \$12.00.

In lieu of receiving subsistence allowances for meals and actual expenses for lodging at the single occupancy rate, employees who are traveling may elect to receive a per diem rate of \$50.00 for over night travel.

- 2.4 Car rentals - The use of a rental car is permitted ONLY when it is in the interest of Alpha Charter of Excellence School to do so. Personal medical insurance should NOT be purchased from the car rental agency since employees are already covered under worker's compensation insurance.

- For fewer than three (3) employees traveling together, Alpha Charter of Excellence School will reimburse for the cost of a compact car. Upgrades to midsize are permissible if three (3) or more employees travel together.

If rental cars are retained over a weekend, such expenses are personal except when used to travel on a weekend to another location on charter school business.

- 2.5 Personal Vehicles - An employee required to use their own automobile for business will be reimbursed at the prevailing rate per tax guidelines for per-mile deductions. The employee must provide on the expense report, documentation including dates, miles traveled and purpose of each trip. Alpha Charter of Excellence School assumes no responsibility for personal automobiles used for business. Further, any parking or speeding violation is the sole responsibility of the employee.

- 2.6 Telephone - Business related telephone charges on an itemized lodging receipt and/or telephone charge card should be itemized under telephone expense.

- 2.7 Entertainment - In order to be reimbursable, entertainment expenses must be ordinary and necessary expenses directly related or associated with the active conduct of business. It is very important to properly document entertainment expenses and substantiate the following elements:

- The date
 - The place (name and location)
 - Description or type of entertainment
- The business purpose and the nature of the business benefit expected to be gained by Alpha Charter of Excellence School. The business relationship to Alpha Charter of Excellence School of the persons entertained (name, occupation, title, etc.).

- 2.8 Miscellaneous Expenses - Any additional business expenses that are not categorized above should be listed under miscellaneous expenses and documented with all pertinent information to substantiate the expense.

Unexplained items labeled "miscellaneous" are not allowable items of expense. Some examples of items not considered allowable are: newspapers, magazines, movies, shoe shines, personal expenses incurred for household services due to an employee's absence on a business trip, etc.

3.0 EXPENSE REPORT PREPARATION AND REIMBURSEMENT

- 3.1 All business travel and entertainment expenditures incurred by employees of Alpha Charter of Excellence School are reimbursed through the use of the Travel and Miscellaneous Expense Report (Exhibit 2) and the Entertainment and Business Gift Expense Report (Exhibit 3). Expense reports should be completed and turned in within two (2) weeks of return or incurrence of expenses.

Expense report forms must be filled out and totaled completely. Use the appropriate headings and total on a daily basis. Required receipts for items charged must be attached to the report. Any questions regarding completion of the report should be directed to the Superintendent or bookkeeper.

- 3.2 Upon completion, the expense report along with all attachments should be turned into the employee's supervisor for approval. After approval, the expense report is submitted to the bookkeeper or designee for processing and reimbursement. In order to expedite reimbursement, the employee should ensure that the report is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented.

Authorized expense reports will be reimbursed by a charter school check, normally within two weeks after receipt by the bookkeeper or designee.

4.0 LOCAL TRAVEL REIMBURSEMENT REPORT PREPARATION

- 4.1 All local travel expenditures incurred by employees of Alpha Charter of Excellence School are reimbursed through the use of the Local Travel Reimbursement Report (Exhibit 4) and the related instructions (Exhibit 5).
- 4.2 Upon completion, the expense report along with all attachments should be submitted. s

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TITLE: CHART OF ACCOUNTS

Policy: To facilitate the record keeping process for accounting. All ledger accounts will be assigned a descriptive account title and account number consistent with the Financial and Program Cost Accounting and Reporting for Florida Schools manual (The Red Book).

Purpose: To provide the method for assignment and maintenance of Alpha Charter of Excellence School chart of accounts.

Scope: This procedure applies to all ledger accounts used by the bookkeeper or designee.

Definition: Chart of Accounts - A listing of all the account titles and numbers being used by an organization is called a chart of accounts.

Procedures:

1.0 DESIGN OF ACCOUNTS 1.1

Exhibit 1

Vendor:

Date:

Item	Description	Amount	
	Total	\$ -	
Fund:	Object:	Function:	School # and Location:

Signed: _____

Approved: _____

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