

Gardner Valley School

Financial Policy Manual

The purpose of this Financial Policy Manual (“Manual”) is to provide appropriate controls to ensure the fiscal activities of Gardner Valley Schools (“GVS”) are conducted in a manner that are legal and follow best practices for financial management of a Colorado public charter school. This Manual is not intended to be comprehensive, but is to be understood and interpreted in conjunction with GVS’s governing documents, charter contract, the Charter Schools Act, and other laws and regulations applicable to GVS. This includes, without limitation:

- GVS’s Bylaws and Articles of Incorporation
- The Colorado Department of Education Financial Policies and Procedures [Handbook](#)
- Colorado Revised Statutes (C.R.S.)
- Colorado Code of Regulations (C.C.R.)
- Federal laws as contained in the United States Code (U.S.C.)
- Federal regulations and other guidance as published in the Federal Register.
- Governmental Accounting and Financial Reporting Standards, published by the Governmental Accounting Standards Board. Codification is updated annually as of June 30th.

Board Powers and Duties:

Financial Resources:

The Board is responsible for adopting a budget that will provide the financial basis for expenditures to fund GVS’s facilities, staff, materials, equipment, and other financial needs, which will enable the school to carry out its educational purpose and intended educational model. The Board is ultimately responsible for exercising control over the finances of the school to ensure proper use of, and accounting for, all school funds.

Annual Budget:

The annual budget is the financial plan for the operation of the school. The annual operating budget will be based on a fiscal year which shall be from July 1 to June 30. It provides the framework for both expenditures and revenues for the year and future years and translates into financial terms the educational program and objectives of the school.

The Head of School or designee is directed to develop, subject to annual approval by the Board, an annual budget as well as a three-year budget plan that assures the future financial

viability of the school and achievement of the school's objectives, and takes into account future revenue, including tax and non-tax revenue, and future increases in operating expenses.

Budget Process-

The Head of School coordinates with the School Accountability Committee (SAC) to recommend priorities for spending school monies. The Head of School shall consider the SAC's recommendations regarding spending state, federal, local, or private grants and any other discretionary monies and take them into account in formulating the proposed budget for presentation to the charter school board.

The Head of School and SAC shall include the adopted plan (school performance plan, school improvement plan, school priority improvement plan, or school turnaround plan as required) in the compilation prepared pursuant to section C.R.S. 22-11-301, and the charter school board shall consider such adopted plan in developing the budget required by section C.R.S. 22-44-108 and C.R.S. 22-11-403-406.

The budget shall be developed and presented in accordance with all applicable state statutes and The Colorado Department of Education's Financial Policies and Procedures Handbook (FPPH).

The budget format shall itemize expenditures of the school by fund and show the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year.

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 Gardner Valley School authorizing contract with the Huerfano Re-1 school district requires that we submit our initial proposed budget by April 30 of each year. Therefore, the Head of School should present the proposed budget to the Board no later than the April meeting, with the intent of adoption of the final *approved* budget prior to its required delivery date of June 15th.

Within 10 days after the submission of the proposed budget to the Board, the Head of School or designee shall publish a notice stating that the proposed budget is on file at the principal administrative offices of the school; that the proposed budget is available for inspection during reasonable business hours; that any person paying school taxes in the district may file or register an objection thereto at any time prior to its adoption; and that the Board will consider/r adoption of the proposed budget for the ensuing fiscal year on the date, time and place specified in the notice.

If necessary, a revised budget will be approved at the January Board meeting after the official student count is known.

If necessary, a supplemental budget will be approved after January 31st but before expenditures in excess of the revised budget are incurred. A supplemental budget may only be adopted if money for a specific purpose becomes available to meet a contingency.

Fiscal Accounting, Reporting and Inventories:

Under the direction of the Board, the Head of School shall be responsible for receiving and properly accounting for all funds of the school. All funds received and/or disbursed by the school shall be accounted for carefully and accurately and shall conform to generally accepted principles of governmental accounting.

The FPPH (Financial Policies and Procedures Handbook) adopted by the State Board of Education shall be used to report financial records and in the periodic presentation of financial information to the charter school board. The accounting system utilized shall conform to the requirements of the State Board of Education standards providing for the appropriate separation of accounts, funds, and operational duties. Fiscal accounting must meet requirements established by the State Board of Education as set forth in the FPPH for public schools in Colorado.

The school shall maintain a system for an annual inventory of all tangible real and personal property that meets any of the following criteria:

- 1- A useful life longer than one year and a unit cost or donated value that equals or exceeds \$500, or
- 2- Purchased with federal funds, regardless of the unit cost.

Responsibility for the inventory system shall lie with the Head of School or his/her designee.

Audits/Financial Monitoring:

In accordance with state law, all funds and accounts of the school shall be audited annually, in accordance with governmental accounting standards, following the close of the fiscal year. The Board shall appoint an independent auditor licensed to practice in Colorado and knowledgeable in government accounting to conduct the audit. The Board shall undergo an auditor selection process every 5 years, at minimum, to ensure continued independence and objectivity.

The audit report shall contain the following:

- 1- Financial statements prepared insofar as possible in conformity with generally accepted governmental accounting principles. (The financial statements are the representation of the school whether prepared by the school or by the auditor.
- 2- Disclosures in accordance with the FPPH adopted by the State Board of Education.
- 3- All funds and financial activities of the school.
- 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.
- 6- Disclosure of all instances of noncompliance with state law, including the Public School Finance Act of 1988, irrespective of materiality
- 7- A supplemental listing of all investments held by the school at the date of the financial statement.

The auditor shall also 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 Gardner Valley School authorizing contract with the Huerfano Re-1 school district states that a finalized annual audit is due to the District by November 1st each year. A draft audit report should be completed by August 30, and a final audit report must be completed by the October meeting of the Gardner Valley School Board so it can be accepted by the Board at their regularly scheduled meeting and submitted to the district by the contracted deadline. The Board has the right to request audits at more frequent intervals if desired.

Interim Financial Reporting:

The Head of School or their designee shall provide to the Board a report detailing the financial condition of the school at least quarterly during the fiscal year. The quarterly financial report shall include at minimum:

- 1- The actual amounts spent and received as of the date of the report from each of the funds budgeted by the school for the fiscal year, expressed as dollar amounts and as percentages of the annual budget;
- 2- 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;
- 3- The expected year-end fund balances, expressed as dollar amounts and as percentages of the annual budget; and

- 4- A comparison of the expected year-end fund balances with the amount budgeted for that fiscal year. Also,
- 5- A year-to-date balance sheet for the school's Governmental Funds

Once per month, the Head of School or their designee shall provide these reports to the Board Finance Committee.

Banking Services, Deposit of Funds, Authorized Signatures and Check Writing:

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

All monies belonging to the school including monies derived from food services and school activities shall be deposited by the Treasurer of the Board or official custodian to the credit of the school in a depository designated by the Board. The Treasurer or official custodian shall comply with all requirements of state law regarding the deposit of public school funds.

All checks drawn on the school's funds shall require the signature of either the Head of School or Board Treasurer. All checks in an amount over \$15000 shall require two signatures. The school shall designate at least 3 authorized signers on the bank account(s). One of the authorized signers must be an active board member. A signer must be replaced within 10 business days of termination/removal from his/her position with the school.

Establishment of Procurement Card Purchases:

The school is authorized to establish a procurement card to supplement the ordering of supplies of a nominal value. The purpose of the card is to provide flexibility, convenience, and security with small purchases while conducting school business. Purchase transactions using the procurement card shall not supersede or conflict with the purchasing policies that have been established by the Board. The school shall establish procedures for the usage of procurement cards.

Issuance and usage of procurement cards shall be limited to: the Head of School, Board President, Board Vice President, and Treasurer.

A number of unique controls shall be developed for the procurement card program that do not exist in a traditional credit card environment. Usage shall be limited to authorized staff for the procurement of approved merchandise within limits established for that budget item. Other procedures may be set at the discretion of the Head of School or their designee.

The Card shall be used only for the purchase of pre-approved item/s with an individual cost of no more than \$15000, with a total credit card limit not to exceed \$15000. The Card is to be used by the person it is issued to and must only be used to pay for pre-approved GVS purchases.

All card holders must sign GVS's cardholder agreement.

CARD MUST NOT BE USED FOR:

PROHIBITED TRANSACTIONS: It is a violation to use the card for any of these goods and services:

- a. Personal Purchases
- b. Cash or Cash Type Transactions
- c. Split Transactions (Two transactions or more for the same purpose which in total would exceed the authorized limit.)
- d. Alcoholic Beverages

Payroll:

The Head of School or his/her designee shall establish payroll processing procedures, which shall be reviewed by the Board. Procedures must address frequency of payroll, PERA contributions, other benefits, and time and effort reporting. The Head of School or designee must approve all time sheets and the monthly pay amount in writing. All pay amount authorizations shall be completed prior to the issuance of pay. Payroll may be processed by a contracted, third-party service provider.

Compensation:

GVS shall follow all regulations and requirements of the I.R.S. with respect to prohibitions on excessive compensation for employees of 501(c)3 organizations. The Head of School is the person principally responsible for the efficient and effective operation of the School. Therefore, it is the desire of the Board to provide a fair yet reasonable and not excessive compensation for the Head of School and any other highly compensated employees and consultants.

The annual process for determining compensation is as follows:

1. The Board shall annually evaluate the Head of School on their performance, and ask for their input on matters of performance and compensation;
2. The Board (or a designated committee) will obtain research and information to make a recommendation for the compensation (salary and benefits) of the Head of School and any other highly compensated employees or consultants based on a review of

comparability data. For example, the Board will consider data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

- a. Salary and benefit compensation studies by independent sources;
 - b. Written job offers for positions at similar organizations;
 - c. Documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
 - d. Information obtained from the IRS Form 990 filings of similar organizations.
3. To approve the compensation for the Head of School and any other highly compensated employees and consultants the Board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved. Documentation will include:
- a. A description of the compensation and benefits and the date it was approved;
 - b. The members of the board who were present during the discussion about compensation and benefits, and the results of the vote;
 - c. A description of the comparability data relied upon and how the data was obtained; and
 - d. Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the board but who had a conflict of interest with respect to the decision on the compensation and benefits.
4. The Chair of the Board, who is a volunteer and not compensated by the School, will operate independently without undue influence from the Head of School.

Procurement:

No person shall be authorized to commit the school to a purchase contract or purchase unless expressly authorized by the Head of School. Only authorized representatives of the school will issue a purchase order number, obligate the school for purchase of goods and services, or revise or cancel a purchase order.

Except in case of an emergency, as determined by the Head of School or Board Chair, purchases shall be handled according to this Manual, including GVS Policy for Contracts and Procurement (link below). If the Head of School or Board Chair makes an expenditure on an emergency basis that expenditure must be reported to the Board at its next meeting.

Budgetary Expenditure Authorization:

Expenditures from any school fund must be approved or authorized as part of the budget, in accordance with all board policies and require the following signatures to be effective as expenditures against the budget:

- 1- Up to \$9,999, whether in a single payment or in aggregate to the same vendor for the duration of the fiscal year: May be approved by the Head of School
- 2- \$10,000 and up, whether in a single payment or in aggregate to the same vendor for the duration of the fiscal year: Must be approved by the Board and executed by its designee

Unauthorized Purchases:

Purchases that do not comply with the provisions of this policy are unauthorized purchases. The school is not liable for payment of any unauthorized purchases. Individuals who make unauthorized purchases may be held personally responsible for payment.

Contracts:

Contracts shall be signed according to the Budgetary Expenditure Authorization thresholds above and shall not extend beyond a single fiscal year without TABOR-compliant non-appropriation language.

Any written contract shall include a provision requiring a criminal background check for any person providing direct services to students under the contract, including any subcontractor or other agent of the contractor, including but not limited to transportation, instruction, or food services as required by law. Background checks are only required for persons who have regular, not incidental, contact with students at least once a month. The school reserves the right to require criminal background checks on other contracts at the school's discretion. The contractor shall be responsible for any costs associated with the background check.

Contracts documenting purchases with federal funds shall contain the provisions mandated by the Federal Uniform Grant Guidance (UGG).

Equipment Control and Disposition (federal funds):

Equipment shall be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency. The school shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on

the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency.

When acquiring replacement equipment, the school may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, *subject to the approval of the awarding agency.*

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place shall be established and meet the requirements mandated by the Federal Uniform Grant Guidance.

Conflict of Interest:

In carrying out their fiduciary duties, all board and staff members must adhere to the GVS Code of Conduct and Conflict of Interest policies. (links below)

Ethical Principles:

The following ethical principles for board members are intended as guides to conduct. These principles provide that a board member should not:

- 1- Acquire or hold an interest in any business or undertaking which he or she believes may substantially benefit them by official action to be taken by the school.
- 2- Within six months following termination of their position, obtain employment in which they will take direct advantage, unavailable to others, of matters with which they were directly involved during their term of office.
- 3- Perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when they have a substantial financial interest in a competing firm or undertaking.

Disclosure Requirements:

Any board or staff member who has personal or private interest in any matter, proposed or pending, before the Board shall disclose such interest according to Sections 2 & 3 of the Board Member and Employee Code of Conduct (link below)

Borrowing:

All loans, of any kind, must be approved by the Board of Directors and must conform to the requirements of TABOR.

When it becomes evident early in the fiscal year before substantial tax monies have been received, that the cash balances will not meet the anticipated obligations, the School

Board may negotiate, under the provisions of Colorado statutes, for a short term debt in such amounts as may be required to meet such obligations.

The Board may authorize the President and Secretary to execute promissory notes on behalf of the school from time to time as such borrowing of funds becomes necessary and may further authorize them to execute any and all other documents necessary or incidental to the borrowing of funds.

By law, these short-term loans are liquidated within six months of the close of the fiscal year from moneys received by the school for the general fund

- a. Short-term options may include such debt instruments as lines of credit when necessary or prudent to allow the school to meet its cash flow requirements.
- b. Equipment Financing: Lease obligations are a routine and appropriate means of financing capital equipment. However, lease obligations also have a significant impact on budget flexibility. Therefore, efforts will be made to fund capital equipment with pay-as-you-go financing where feasible, and only the highest priority equipment purchases will be funded with lease obligations.

According to the TABOR Amendment, these short-term loans may not cross fiscal years.

Records Retention:

The school shall use the Colorado School District Records Management Manual (RMM) developed by the Colorado State Archives Department to assist the school in determining the appropriate retention period for various types of records. School records regarding the school's organization, functions, policies, decisions, procedures, operations, or other activities may be considered public records subject to retention. The school shall retain records for the time periods specified by the RMM, as may be amended from time to time, unless a longer retention period is required by state or federal law.

Documents and other materials that are not 'records' required to be retained by the RMM, or by state or federal law, and are not necessary to the functioning of the school, may be destroyed when no longer needed.

Travel:

Each school employee and official who is authorized to travel for school business assumes a direct responsibility to limit travel claims to those actually incurred while traveling and representing the school. Likewise, each school official and employee has a responsibility to limit travel to purposes that are essential. Arrangements utilizing the most economical means of accomplishing the authorized travel must be considered. This planning should include

consideration of the use of a personal car or common carrier, sharing rides with other employees attending the same event, and similar measures if appropriate.

Lodging-

The school will pay for the actual cost of employee lodging for travel that occurs more than 50 miles from the school. Every effort will be made to secure lodging that is no more than 110% of the GSA per diem lodging rates for the destination.

Meals-

The school will use the standard allowance method for meals, rather than the actual cost method. Under the standard meal allowance method, a traveler shall claim the authorized per diem meal rate for each meal the traveler would normally have eaten while traveling away from home. If a meal is included in a conference fee or is provided with the cost of lodging, a traveler shall not request reimbursement. Receipts for meals are not required. The meal per diem amount includes tips associated with the meal.

(lodging and meal per diem rates at www.gsa.gov/travel/plan-book/per-diem-rates)

Mileage for Personal Vehicles-

Reimbursement is allowed for actual business mileage traveled. Mileage will be reimbursed using the IRS standard mileage rate at: www.irs.gov/tax-professionals/standard-mileage-rates. Commuting expenses incurred while traveling between a traveler's residence and their regular work location are non-reimbursable personal expenses.

Other Reimbursable Travel Expenses-

In addition to meals and lodging, the actual expenses identified below, incurred as part of approved travel, are allowable if necessary to complete school business. A traveler requesting reimbursement shall submit original receipts for all reimbursable expenses.

- 1- Commercial transportation such as airfare, taxi and shuttle expenses (including tips),
- 2- parking fees,
- 3- telephone, fax, internet, and other similar miscellaneous business expenses paid to conduct school business, and
- 4- toll road charges.

Non-Allowable Travel Expenses-

A traveler shall not be reimbursed for the following expenses:

- 1- Alcoholic beverages,
- 2- entertainment expenses,
- 3- political expenses,
- 4- traffic fines or tickets, and
- 5- valet parking.
- 6- Also non-allowable are personal expenses incurred during travel which are primarily for the benefit of the traveler and not directly related to school business (examples include items such as soap, toothpaste, snacks, magazines, etc.).

GVS Board/Employee Code of Conduct:

[2021 03 01 Charter CODE OF CONDUCT \(1\) - Google Docs](#)

GVS Conflict of Interest Policy:

[2021 03 01 Charter Conflict of Interest - Google Docs](#)

GVS Policy for Contracts and Procurement:

[2021 03 01 Charter Procurement Policy.docx - Google Docs](#)

Adopted: 07/20/2022

Revised: