

## -- 4100 -- Accounting Policies

### **A. Accounts Payable, Cash Disbursements and Accrued Expenses**

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.

#### **Cash Handling**

The school does not accept cash. Electronic collection methods, such as credit or debit cards, shall be used for the collection of all fees, costs, and receivables. Checks may be accepted where electronic methods are not available. No petty cash or similar on-site funds are permitted.

### **B. Bank Account Reconciliations**

#### **Review and Approval**

The monthly bank/financial institution reconciliation for each account is prepared by the Financial Services Provider and should be reviewed and approved by the business manager or designee (an individual who did not prepare it).

### **C. Bank Loan Applications**

#### **Assessment of Capital Requirements**

The governing board will be responsible for directing the Principal/Director in developing borrowing and financial plans to meet the needs of the organization's operations. These plans shall take into account current and projected business conditions and can include the following criteria:

- Capital requirements to satisfy the organization's growth in relation to risk.
- Ability of the organization 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.

### **D. Capitalization & Depreciation of Fixed Assets**

Assets acquisitions with a useful life expectancy of greater than one year and with a material unit cost of over \$5,000 will be capitalized by the organization and depreciated.

#### **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.

All assets with a useful life of greater than one year and a material unit cost of over \$5,000 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.

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.

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.

The cost of buildings should include all expenditures related directly to their acquisition or construction. These costs include materials, labor and overhead incurred during construction and fees, such as attorneys and architects and building permits.

### **Depreciation**

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

In general, the depreciation methods/lives for assets should be selected for consistent financial reporting and tax purposes. The straight line depreciation method will be used to record depreciation expense for assets. The lowest life permitted by tax regulations for asset classes should be selected to optimize depreciation deductions.

## **E. Check Signing Authority**

A limited number of employees and board officers will be authorized to sign checks, and there shall be no fewer than two individuals at all times.

### **Authorized Check Signers**

Authorized check signers must be approved in writing and require governing board authorization. The President and Principal/Director will have check signing authority. Additional individuals with or without dollar limitations may be authorized as necessary.

### **Signature Levels Required**

All checks issued by the institution shall require two signatures. One will be a Board member and one will be an authorized check signer that is an employee of the Board.

### **Prohibition from Reconciliation**

Individuals who are authorized check signers on any school bank account shall not be permitted to conduct the monthly bank reconciliation.

### **Segregation of Financial Duties for CSP**

Financial tasks shall be completed by the designated person responsible for the specified duties as assigned by the Board.

Cash receipts or deposits require the involvement of two individuals.

Individuals approved to sign checks may not maintain the general ledger or reconcile monthly bank statements.

## **F. Recording Transactions in the General Ledger**

The business manager 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.

## **G. Corporate Credit Card Policy**

The governing board may approve the use of corporate credit cards for key employees.

Cardholders shall be required to sign an agreement indicating the terms of credit card use are accepted. Individuals who do not adhere to these policies risk revocation of the credit card privileges and/or disciplinary action. Only individuals authorized by the governing board may use corporate credit cards.

## **H. Deteriorating Financial Condition or Financial Emergencies**

The school's governing board is dedicated to sound and efficient financial management. It is the intent of the board that the organization's finances will be managed in such a way as to ensure fiscal stability for the organization. However, in the event that the school has been determined to be in a state of deteriorating financial condition or within a financial emergency, as described by Florida Statute and Administrative Codes, the following policies will be implemented.

### **Determination**

Consistent with Florida Statute 218.503(1) and Administrative Code 6A-1.0081 the school's sponsor or auditor may determine that the school is in a deteriorating financial condition based on the criteria outlined in Administrative Code 6A-1.0081. Florida Statute 1002.345(2) provides the Commissioner of Education the ability to declare the school in a financial emergency.

### **Developing Corrective Action Plan**

If a corrective action plan is required, the board's treasurer and the school business manager shall meet with the school's Principal/Director within fourteen (14) days of the notice to clearly define the conditions which have caused the deteriorating financial condition, and to recommend actions to be taken to resolve these conditions. These recommendations will become the draft Corrective Action Plan to be presented to the governing board and must include:

- Clearly define the cause for the condition
- Description of actions to be taken to correct the condition, including specific deadlines
- A list of procedures for monitoring the implementation of the actions to be taken
- A schedule for providing reports to the sponsor
- Any other information or plans as deemed necessary to address the condition

Within fourteen (14) days of the development of the draft plan the governing board meeting shall hold a meeting to discuss, finalize and approve the plan.

### **Submission of Plan**

Once approved, the corrective action shall be submitted to the sponsor within two (2) days. In the event that the Commissioner has declared a state of financial emergency, the plan shall also be submitted to the Commissioner.

### **Monitoring Corrective Action Plan**

Until the financial condition which caused the concern has been resolved and the finances show a health fiscal trajectory, the governing board shall meet at least monthly to review financial reports, monitor the plan of the Corrective Action Plan, and provide any necessary reports to the sponsor and/or commissioner.

Copies of the Corrective Action Plan, and any monitoring reports and data shall be retained by the school for inclusion in the school's annual report and be made available for public inspection if requested.

Adopted: July 10, 2023