Financial Policies and Procedures Handbook

Stargate Charter School

Approved 11/29/2023

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Introduction

The Board of Directors of Stargate Charter School has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of Stargate Charter School in order to support the school's mission and vision, and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

Internal Control Policies and Procedures

Stargate School (hereafter "the school"), under the direction of the Board of Directors is required to establish and maintain adequate accounting records and internal control procedures. Internal control policies provide the school with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with State and Federal laws and regulations and produce timely and accurate financial information.

Internal control consists of five components: control environment, risk assessment, control activities, information and communication and monitoring.

The school employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

Lines of Authority

Board of Directors:

The Board of Directors (hereafter BOD) annually (or as required) reviews and approves:

- Financial policies and procedures
- Opening and closing of bank accounts and the list of authorized signers
- Incurrence of debt, mortgages or other encumbrances and their covenants and restrictions
- Investment policies and investment deposit accounts
- List of authorized users of school credit cards and their limits
- The annual budget
- Quarterly and annual financial statements including budget to actual variance analysis
- Executive Director's goals, annual contract and annual reviews including establishing salary
- The annual financial audit and selection of the auditor
- Salary schedules for both Certified and Classified employees
- Employee Handbook
- Staff Handbook
- School calendar

Policy: The BOD will meet regularly to review: prior meeting minutes, business items, educational items, subcommittee reports, Executive Director reports, new and other enumerated business items.

Executive Director:

The Executive Director (hereafter EDA) is responsible for:

- Working with the Executive Director of Operations and Finance to develop the annual budget
- Ensure academic operations consistent with the adopted budget
- Approving contracts related to academic activities

The ED, or designee, is responsible for:

- All operations and activities related to financial management
- Developing the annual budget
- Overseeing adherence to internal controls and control activities
- Producing financial reporting consistent with financial reporting policies
- Producing a monthly BOD report with key KPI metrics
- Ensuring adherence to all financial procedures
- Creating and overseeing a control environment dedicated to sound business practices

Signatory Authority

Policy: The BOD will determine signatory authority on checks to optimize controls and ensure proper segregation of duties.

Procedures: The BOD President, EDA and EDOF have signatory authority. Individuals with access to general ledger accounting software, the Finance Manager and Staff Accountant, do not have signatory authority. Individual checks require approval of the EDA, EDOF, or BOD President and require two signatures prior to issuance. Wire transfers and ACH payments may be initiated by the Finance Manager and must be approved by the EDA, EDOF, or the BOD President. The Finance Manager, EDOF and EDA have access to online banking. All issued checks are recorded in the bank's positive pay fraud system.

Segregation of Duties

Policy: The school's financial duties will be distributed between multiple people to protect against fraud and error. The distribution of duties is designed to protect assets while maintaining efficient operations.

Procedures: Appendix A outlines and identifies the position responsible for carrying out each function so that no single person of the entity has sole control over cash receipts, disbursements, payrolls and reconciliation of bank accounts.

Compliance with Laws

Policy: The school will follow all relevant laws and regulations that govern schools within the State of Colorado. U.S. Government laws and regulations that relate to grant funding will be adopted by the school as grant funding is received. The school will follow Adams 12 Five Star Schools Superintendent

Policy unless specifically waived. There are currently no deviations from State or District financial policy. The following are specific policies:

Political Contributions Policy: No funds or assets of the school may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. Additionally, the school cannot be involved with any committee or organization that raises funds for political purposes.

Record Keeping Policy: The school's books, records and accounts must be maintained in conformity with Generally Accepted Accounting Principles (GAAP) and the laws of the State of Colorado.

Procedure: The EDA, EDOF and BOD are tasked with ensuring compliance with all laws, regulations and policies that govern the school.

Organizational Conflict of Interest

Policy: The school will follow all laws regarding conflicts of interest and disclosures that restrict public officials and employees from taking advantage of their positions to gain improper benefits for themselves, relatives, associates or friends. Additionally, members of the BOD may not vote on matters that affect their financial interest and may not receive anything of value because of their position on the BOD. The school will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations and with private or related individuals.

Procedure: BOD members, the EDA, EDOF and account signatories will annually sign a conflict of interest agreement.

Access to Records

Policy: As a public entity, the school will make financial records available upon request in compliance with state and federal law. The school will maintain the required Financial Transparency disclosures on the school's website.

Procedure: The EDOF, or designee, maintains the schools financial records in conformity with Generally Accepted Accounting Principles (GAAP). They will provide access to the school's financial records, upon lawful request, in a timely manner. The EDOF, or designee, updates the school's Financial Transparency disclosures on the school's website on a monthly basis.

Security of Financial Data

Policy: The school's financial data will be maintained in a secure database with appropriate backup.

Procedure: The EDOF, or designee, ensures that the accounting system is maintained with general and application controls to prevent unauthorized access to data. Individual password and system access settings are established for each user. The accounting system is backed up daily either manually or to the cloud. All other financial data, cash boxes, unused checks and unclaimed checks are secured by the Finance Manager in the business office.

Security of School Documents

Policy: The following documents will be maintained on the school website: charter and all related amendments, school and Foundation Articles and Bylaws and minutes of the BOD meetings. Originals of following documents will be maintained in the finance office: banking agreements, leases, insurance policies, vendor invoices, grant and contract agreements and billings, capital asset inventory list.

Procedure: The BOD secretary is responsible for ensuring that the documents on the website are maintained and updated. The EDOF ensures that the documents that are maintained in the business office are available, organized and accessible.

Use of School Assets

Policy: School employees will not use any of the school's assets for personal use, or remove them from school premises, without prior approval of the EDA or EDOF and with proper written justification. Personal use of assets whose value exceeds $5,000.00 requires approval of the BOD President.

Procedure: Requests for personal use of school assets are submitted in writing to the EDA with proper justification. Records of approved requests will be maintained in the business office by the EDOF or Staff Accountant.

Financial Management Policies and Procedures

The accounting procedures used by the school conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards. The accounting policies and financial reporting are consistent with the requirements of the Governmental Accounting Standards Board (GASB). The fiscal year is July 1 through June 30.

Professional financial service providers will be established annually and are listed in Exhibit A. Basis of Accounting

Policy: The school will use the economic resources measurement focus and accrual basis of accounting in the government-wide financial statements. All assets, deferred outflows of resources, liabilities and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases and decreases in total net position. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the liability is incurred.

Procedures: In monthly financial statement preparation, revenue is recorded in the month in which it is received and expenses are recorded in the month they are incurred. At the close of the fiscal year, revenue earned but not received is accrued. Expenses that have been incurred but not paid are also accrued. Year-end books, including adjusting journal entries, are closed by October 15. The annual audit is forwarded to the Adams 12 finance department by September 26.

General Ledger and Trial Balances

Policy: All general ledger entries will be current, accurate and complete. Entries will be recorded after an underlying event and will be supported by adequate documentation. A complete audit trail will be maintained.

Procedure: The EDOF, or designee, is responsible for the integrity of the General Ledger. Control accounts are maintained for cash, capital assets, accounts receivable, prepaid expenses, accounts payable, accrued expenses and notes payable. These control accounts are reconciled monthly by the Finance Manager. Each entry into the accounting system is reviewed and approved by the Finance Manager using supporting documentation. Recurring General Ledger entries are used when applicable. General journal entries for payroll and credit card charges are prepared by the Finance Manager on a monthly basis. These entries are prepared with and accompanied by supporting documentation. All financial data is verified against original documentation and is entered into the accounting system after the accounting event. The audit trail is maintained from source documentation through the books of original entry and general ledger, to the monthly, quarterly and annual financial reports.

Policy: A monthly trial balance will be prepared and reconciled to the general ledger account balances. The year-end trial balance will comply with annual audit and reporting requirements. The year-end trial balance will be used to produce the annual audited financial statements.

Procedure: The EDOF, or designee, is responsible for reconciling the trial balance in the accounting system to the general ledger on a monthly basis. The trial balance is compared to the control accounts and subsidiary ledgers (accounts payable and accounts receivable) to ensure that they agree. The EDOF, or designee, prepares the year end trial balances for the audit at year end. Trial balances are reconciled for all control accounts and supporting documentation is provided for audit trail purposes. At fiscal year-end and after the audit, the EDOF, or designee, closes all income and expense accounts in the accounting system and posts any audit adjustments. General ledger balances are agreed to the audited financial statements.

Bank Reconciliations

The school maintains 6 depository bank accounts: General Fund, Payroll Account, Merchant Account, Special Revenue Fund- Pupils, Special Revenue Fund- Athletics and Special Revenue Fund- Fundraising. These depository accounts are all PDPA (Public Deposit Protection Act) accounts. There are three liquid investment accounts: a general investment account, a SPED Reserve (restricted) account and a Capital Reserve(restricted) account. These depository accounts are eligible depositories of public funds. Finally, Zion's Bank serves as the school's bond trustee. There are three accounts held by Zion's Bank on behalf of Stargate Foundation: a principal account, an interest account and a reserve account. These are legal investment accounts for public funds.

Policy: Bank reconciliations will be performed on a monthly basis.

Procedure: Bank reconciliations are performed monthly by the Finance Manager. Bank statements are printed from the online banking systems of the respective banks. Checks outstanding for more than 90 days are researched and replaced or voided as necessary. Bank reconciliations are available for review in the business office and are reviewed by the auditor annually. Members of the Finance Committee and the BOD Treasurer are provided copies of the bank reconciliations upon request.

Record Retention

Policy: Financial records will be retained for a minimum of seven years or as outlined in the Federal Form 990 policy.

Procedure: Financial records including transaction ledgers, canceled/voided/duplicate checks, check and invoice detail, PCard transactions, payroll records, bank reconciliations, district communications (including funding summaries and PayforIt transaction detail) and any other fiscal documentation are retained in the business office by the EDOF, or designee, until the prior year audit is completed. Financial records are stored on site in a secure location for the remaining years of the retention period. Financial records are maintained in chronological order by year. Financial records are shredded at the end of their retention period. Backup copies of electronic and/or paper documentation are stored in a secure location. Documents may be retained for a longer period at the discretion of the BOD or the Executive Directors.

Financial Planning and Reporting

Budgeting

Policy: The EDOF will prepare the annual budget in consultation with the EDA and the Finance Committee. The BOD approves the annual budget. The budget priorities are based on the school's mission and vision.

Procedure: The EDOF works with the EDA and other administrators to ensure that the annual budget reflects programmatic and infrastructure goals for the upcoming year. The budget is developed with the school's monthly revenue recognition and cost allocation as the basis. The budget reflects a net income goal based on accurate projected enrollment and compliance with existing bond covenants. The EDOF presents a draft budget for the next fiscal year to the Finance Committee prior to February 15th of the current fiscal year. The Finance Committee reviews and approves the draft budget and submits it to the BOD on or before their regularly scheduled April meeting. The EDOF ensures that a 30 day public notice is posted prior to adoption of the budget by the BOD. The BOD adopts the preliminary budget by May 15th to comply with the submission deadline of Adams 12. The BOD must adopt the final budget no later than June 30th. Modifications to the budget are made through the adoption of a revised or supplemental budget by January 31st and supplemental appropriations by June 30th. The budget is monitored on a monthly and quarterly basis by the Finance Committee and BOD.

Additional BOD budget resolution requirements include: adoption of an annual appropriation resolution; reserving any fund balance over 15%; and use of beginning fund balance. These resolutions are adopted as part of the budget adoption process.

Long Term Budget

Policy: The school will use a long term (5 year) rolling budget model for short and long term planning. This model proactively adjusts the current budget to reflect any changes to Per Pupil Revenue (PPR) funding and enrollment during the year.

Procedure: The EDOF maintains a 5 year projection model that includes current year budget, current year actual revenues and expenditures and 4 additional years projected revenues and expenditures. This model is based on conservative enrollment projections and realistic expense expectations related to the school's educational model, capital and non-capital needs and staffing requirements.

Reserve Policy

Policy: The School will maintain a reserve as established by Board Policy 2.4.

Procedure: The reserve strategy is reviewed on an annual basis by the Finance Committee and the EDOF to ensure alignment to the school's short term and long term strategic plan. The BOD and Finance Committee will vote on any draws on the reserve or use of reserve funds.

Internal Financial Reporting

Policy: The school will review regular financial reports and on a monthly and quarterly basis.

Procedure: The EDOF is responsible for producing the following reports with month to date and year to date totals: income statement, balance sheet, consolidated financial report and district formatted financial statements. These reports are produced within 20 days of the end of the previous month. The EDOF and Finance Committee receive and review the financial reports each month. Quarterly in person or online meetings for discussion of the financial statements take place. The EDOF reports financial KPI's and transmits monthly financial reports to the BOD as part of their BOD report. The EDOF and Finance Committee Chair (or BOD Treasurer) report quarterly to the BOD for discussion and review. These reports include operating margins and budget to actual comparisons.

The supporting records that the EDOF maintains to prepare the school's financial reports include the following: trial balance, budget vs actual financial statements, billing invoices with Chart of Accounts coding, cash flow projections, PCard receipts and reports, accounts receivable aging reports, accounts payable aging and listing, capital asset and depreciation schedule, payroll salary/hourly pay schedules, payroll tax filing reports and any district financial reports.

Financial Transparency

Policy: The school will comply with Colorado Revised Statute 22-44-304 and post all required financial transparency information on the school website.

Procedure: The EDOF is responsible for maintaining compliance with CRS 22-44-304. The EDOF will work with the BOD Secretary to ensure that all required postings are accomplished in a timely manner and that the website maintains all compliance. In addition, the EDOF posts monthly check registers, PCard transactions and investment account summaries to the school's financial transparency page no later than 20 days after the close of any month. The EDOF will ensure that all postings on the website comply with FERPA regulations and that any potentially sensitive personal information is redacted. The EDOF also posts the district formatted quarterly financial statements no later than 30 days after the close of the quarter.

Audit

Policy: The BOD will contract annually with a qualified independent certified public accounting firm to conduct an audit of the school's financial statements in accordance with auditing standards generally accepted in the US, Government Auditing Standards issued by the Comptroller General of the United States and if applicable the U.S. Office of Management and Budget's Circular A-133. The auditor reports an unqualified opinion that the financials fairly represent the financial condition of the school. The audit is reviewed and approved by the Finance Committee and BOD.

Procedure: The EDOF sends out an RFP for audit services every five years to qualified audit firms requesting a proposal for their services to the school. The Finance Committee reviews the proposals and makes a recommendation to the BOD for approval of the auditor. The recommendation may include the school's current auditor, but must specify that the auditor change audit team members if their proposal is accepted. The BOD is responsible for approval of the auditor. The Finance Committee reviews the annual audit and the annual management letter and makes recommendations to the BOD regarding any potential issues or corrective actions. The BOD reviews and approves the audit by November 30th. The BOD tasks the EDOF and Finance Committee to develop a corrective action plan to address any deficiencies or weaknesses noted in the audit or management letter. The audit is submitted to required reporting agencies by the EDOF.

Tax Compliance

Exempt Organization Returns

Policy: The audit firm contracted by the BOD to conduct the annual financial audit will prepare the annual Federal Form 990 for the school and Stargate Foundation. The returns are to be filed no later than May 15th each year.

Procedure: The EDOF works with the audit firm to supply the information necessary to complete the school's tax returns. The EDOF reviews the tax returns with the Finance Committee before submitting them to the BOD for final approval prior to May 15th. The BOD formally approves the Federal Form 990 returns for submission no later than May 15th. The EDOF ensures proper filing of the Federal Form 990 returns by May 15th and completes the filing of the Annual Report of Charitable Organizations on the Colorado Secretary of State website using the information from the Federal Form 990 returns.

Payroll Reports

Policy: Federal and State annual, monthly and quarterly payroll tax forms will be submitted to the respective agencies within required deadlines.

Procedure: Paylocity, the school's HR and payroll processor prepares and files all monthly, quarterly and annual payroll tax reports, with payment, by the filing deadline. Paylocity prepares and files all employees' W2 and 1095-C forms and delivers them by January 31st each year. The school's Finance Manager prepares all monthly PERA and 401K filing reports. The EDOF files the PERA and 401K monthly reports, with payment, by the filing deadlines.

Grants

Policy: The school will meet all compliance and reporting requirements for any grants awarded. The school will meet all district requirements for federal grant reporting.

Procedure: The EDOF, or designee, is responsible for grant compliance and reporting. Grant awards that require reporting are added to the financial calendar, Appendix B. Separate files for each grant are maintained in the business office. Federal grants that require reporting to the Adams 12 grants coordinator are Title II funds and IDEA funds. Time and Effort reporting for Learning Services staff is submitted to the Adams 12 grants coordinator in January for the first half of the year and June for the second half of the year. Title II funds are a reimbursable grant. The school submits relevant invoices to the Adams 12 grants coordinator after processing at the school level.

Other Financial Reports

Policy: All other state, authorizer and bond compliance reporting requirements will be met in a timely and thorough manner.

Procedure: The EDOF is responsible for ensuring all filings to outside agencies occur in a timely manner. Bond reporting to DAC (Digital Assurance Certification), EMMA (Electronic Municipal Market Access), Zion's Bank, annual reports to the Secretary of State and all required financial reporting to the Adams 12 finance department are produced and filed by the EDOF according to the calendar in Appendix B

Financial Policies and Procedures Handbook and Chart of Accounts

Policy: Budget development and reporting, financial reporting and maintenance of financial records will follow state requirements.

Procedure: The school uses the Colorado Department of Education (CDE) Financial Policies and Procedures Handbook and Chart of Accounts as the foundational documents for budget development and reporting, financial reporting and financial records management. These documents are referenced for extended guidance on budgeting, audits, financial procedures, accounting principles, reporting requirements and treatment of capital assets. The CDE Chart of Accounts is used for all internal accounting applications, reporting to the auditors and reporting to CDE via the annual flat file transmission.

Revenue and Accounts Receivable

Cash Receipts

Policy: Cash receipts (including check or cash payments received via mail or in person and deposits received via Electronic Fund Transfer (EFT)) will be recorded completely and accurately to prevent misappropriation of assets.

Procedure: For each fundraising or other event in which cash and/or checks are collected the EDOF or designee is responsible for managing the process to collect and hold all cash and checks related to the event. Designated event managers are responsible for: counting any cash boxes in and out, creating an internal deposit slip for each cash box that includes all checks and cash and returning the cash boxes to a secure location immediately following the event. The EDOF and Staff Accountant recount the cash boxes and reconcile the amounts to the supplied deposit slip and other supporting documentation on the next business day following the event. The Staff Accountant produces separate deposit slips for checks and cash deposits and records the deposit on the cash receipts spreadsheet. The Staff Accountant records the deposit in the cash receipts module of the accounting system. The Finance Staff deposits all checks immediately via electronic desktop deposit. The electronic desktop deposit system endorses the checks. The Finance Staff prints the deposit slip generated by the electronic deposit and the transaction report from the accounting system and secures them with the check batch and other supporting internal deposit slips. Check batches are filed in chronological order. Cash is deposited to the bank by Finance Staff.

Checks and cash are not collected or held in any classroom by any teachers. Cash or checks collected at the school are held a secure, locked location.t the front desk in a They are turned over to the Staff Accountant. The Staff Accountant and EDOF follow the procedure above.

Check deposits are batched by fund, object and program. These deposit totals can be identified individually in the general ledger.

Deposits

Policy: Check deposits will be made within 2 business days of receipt. Cash deposits will be held in the safe in the business office until deposited. Two cash boxes of $200 each will be maintained by the school and kept locked in the school safe when not in use (see Cash Boxes below and Addendum A). Additional cash in excess of $100.00 will be deposited to the bank within 10 business days.

Procedure: Each deposit has an accompanying deposit packet that includes the internal deposit slip, the electronic deposit slip (for checks), the bank deposit slip (for cash), the transaction record from the accounting system and the endorsed checks. These packets are filed in the business office chronologically by fund. The EDOF, or designee, will review and approve each deposit packet prior to filing. The EDOF, or designee, makes any cash deposits to the bank on a weekly or biweekly (depending on volume) basis. The EDOF, or designee, reconciles the cash receipts to the deposit slips and the bank statement as part of the bank reconciliation process.

Cash Boxes

Policy: The school maintains two cash boxes of $200.00 for support of campus activities such as athletic event admissions and event concessions. The cash box funds will be locked in the safe in the business office when not in use. Authorized personnel will request the cash boxes at the time of an event and are responsible for their return. No cash disbursements will be made from the cash boxes.

Procedure: Authorized staff members can request cash boxes to support school sponsored activities on campus such as sporting events, theater productions, concession sales, school dances, etc. The staff member is responsible for: counting in the cash box, recording the beginning balance on the internal deposit slip, counting out the cash box at the end of the event, recording the cash box totals on the internal deposit slip and returning the cash box to the business office at the end of the event. If the business office is closed, the cash box is returned to the administrator on duty. The administrator on duty secures the cash box until it is returned to the business office the following day. Deposits are processed by the Staff Accountant and recorded in the cash receipts spreadsheet. The Staff Accountant counts the cash box back to $200.00, counts the remaining cash and compares it to the internal deposit slip and prepares the bank deposit slip in duplicate. The bank deposit slip, cash and cash box are returned to the business office and locked in the safe. The duplicate bank deposit slip and internal deposit slip are a part of the permanent deposit record and are kept on file in the business office in chronological order.

Merchant and Online Web Payments

Policy: Segregation of duties will be in place when processing merchant and online web payments.

Procedure: Merchant and online web payments are automatically deposited into the school's merchant account. The Staff Accountant is responsible for downloading a copy of each of these payments and producing a daily packet that reconciles to the daily deposit total. The Staff Accountant creates a weekly deposit in the accounting system that reconciles the fund, object and program of each daily deposit to the weekly total. The Finance Manager records the daily totals in a spreadsheet. On a weekly basis, the Finance Manager electronically transfers the merchant and online web payments to the appropriate fund as a batch that reconciles to the weekly deposit in the accounting system. Merchant batches are filed chronologically and kept in the business office.

Accounts Receivable

Policy: Accounts receivable for Before and After School care (Eagle's Landing) will be accurately recorded in the accounts receivable module of the accounting system by customer, aged on a 30/60/90 day basis and monitored for timely collection. School fees will be accurately posted in Infinite Campus for each student and monitored for timely collection.

Procedure: The Staff Accountant is responsible for monitoring collection of funds due to the school from student families. The Staff Accountant uses aging reports from the accounting system and transaction reports from Infinite Campus to review accounts with outstanding balances on a biweekly basis. Collection efforts in the form of emails and direct phone calls focus on families with balances that are greater than 30 days old. The accounts receivable sub ledger is reconciled to the balance sheet and trial balance on a monthly basis by the Finance Manager.

Expense and Accounts Payable

Payroll

Policy: Employees will be paid on a monthly basis by direct deposit. Payroll will be processed through a third-party provider.

Procedure: The EDOF, or designee, is responsible for supervising the processing of payroll. Reimbursement requests, extra duty pay, stipends, substitute hours and coaches pay are recorded in the payroll system by the HR Manager and reviewed by the EDOF, or designee. Paylocity is used as the third party payroll processor. The EDOF will periodically review the third party processor with regard to cost and services provided.

Timesheet Creation and Approval

Policy: All non-exempt employees will be required to record their hours worked in their electronic timesheet within the payroll system on a daily basis. Timesheets will require supervisor approval.

Procedure: The school's third party payroll processor provides a comprehensive hour tracking and approval system. Non-exempt employees are able to log on to the payroll system via a smartphone application or from their desktops to record their time on a daily basis. The mobile application only works if the employee is on school property. Non-exempt employees are required to electronically approve their timesheets within the payroll software between the 16^{th} and 18^{th} of each month. Supervisors are required to review and approve employee timesheets electronically within the payroll software by the 20^{th} of each month. Employee timesheets with discrepancies are referred back to the employee for correction by the supervisor. Timesheets with electronic supervisor approval cannot be changed by the employee. Supervisor approved time totals are transferred electronically into the payroll processing module in the payroll software by the EDOF, or designee, after review of time and approvals by the EDOF.

Payroll Additions, Deletions and Changes

Policy: The Executive Directors will be authorized to approve payroll changes within the scope of their budget authority. All authorized payroll changes will be entered into the payroll software by the HR Manager.

Procedure: Payroll changes are made annually with an effective date of July 1st for administrative and classified employees and an effective date of August 16th for certified employees. Employees receive a letter of intent from their supervising Executive Director by May 15th each year. The letter of intent delineates: years of experience and education, the employee's intent to return to employment, the pay rate for the following year and total value of the employee's benefits package. Employees are required to accept the terms of the letter of intent by signature and return it to the HR Manager. The HR Manager is responsible for entering any annual pay rate changes into the payroll software prior to payroll processing in the period when the change becomes effective. The EDOF is responsible for reviewing all changes for accuracy prior to payroll processing. All new hires are issued a letter of intent with the same information as returning employees. New hires are on-boarded by the HR Manager using the payroll software to upload their personal information from the recruiting module of the payroll software. Pay information for new hires is entered by the HR Manager from the signed letter of intent.

Salaries may change during the year based on certified employees gaining additional post graduate credit hours. Certified employees may apply for a salary increase in September and March if they have completed and documented sufficient additional credit hours to earn the increase. These additional hours are verified and approved by the EDOF. The salary increase is entered into the payroll system by the HR Manager.

All terminated employees are terminated in the payroll system on their termination date by the HR Manager. The EDOF, or designee, removes the terminated employee's access to all relevant electronic platforms and building access.

Payroll Preparation and Approval

Policy: The EDOF, or designee, will prepare payroll for processing in accordance with the school's payroll calendar. Payroll and payroll tax documents will be reviewed and approved by the EDOF.

Procedure: Payroll is prepared monthly and submitted to the third party processor by the 25th of each month. The EDOF reviews all supervisor approved hours within the payroll system for accuracy and completeness. The EDOF also reviews all supplementary payroll additions made by the Staff Accountant for accuracy and completeness. These additions include: substitute teacher hours, reimbursements to employees, stipends and extra duty pay and coaches pay. The EDOF, or designee, runs and reviews the Pre Process Payroll Registers from the payroll system and performs a final review prior to payroll processing. The EDOF, or designee, electronically approves and submits the payroll batches in the payroll system for processing. Once payroll processing is complete within the third party processing system, the EDOF, or designee, runs and reviews the Payroll Register report for accuracy and completeness. The EDOF is responsible for transferring funds from the General Fund to the Payroll Account to fully fund all payroll liabilities. Direct deposits to employees are processed by the third party payroll processor into each employee bank account on the last business day of each month. Employees are able to access pay stubs electronically in their self-service portals within the payroll system.

Monthly reports to PERA and the school's retirement plan providers are prepared and submitted to the organizations by the Staff Accountant prior to the 5th of each month for the prior month's payroll. The EDOF is responsible for transferring funds from the General Fund to the Payroll Account to fund these liabilities. PERA is paid by automatic ACH. Empower is paid by automatic ACH. AXA Equitable is paid by automatic ACH. State and federal tax reporting and payment are handled by the third party processor in accordance with state and federal requirements. The EDOF reviews the quarterly tax package provided by the third party payroll processor on a quarterly basis. Annual payroll tax report preparation and filing including W-2 and 1095-C forms is the responsibility of the third party payroll processor.

PTO, Sick Time, Vacation and Benefits

Policy: The school will annually review appropriate allocations of PTO, and insurance benefits offered to employees. PTO, vacation time and insurance benefits will be managed within the payroll system.

Procedure: The HR Manager monitors both legal requirements and industry norms to recommend appropriate allocations of PTO to the BOD in the annual staff handbook approval process. The EDOF and HR Manager work with the school's insurance broker to ensure that annual benefit insurance renewals provide best plan design at a cost that is consistent with budget allocations and authority. Benefit enrollment for insurance benefits is electronic within the payroll system. Employees log in to their self-service portals to elect coverage. Employees also utilize their self-service portal to request PTO. The HR manager approves all benefit enrollments within the payroll system. The HR Manager or employee supervisor approves PTO within the payroll system.

Pay Upon Termination

Policy: Employees who are terminated will be paid all wages due at the time of termination. Employees who leave the school's employment voluntarily will be paid all wages due in the next regular pay cycle.

Procedure: The EDA, EDOF and/or principals notify the HR Manager of any voluntary terminations. Involuntary terminations are handled by the HR Manager and the employee's immediate supervisor. The HR manager calculates the final check based on hours or contract days worked and applicable rate of pay. The EDOF processes a manual check for terminated employees that includes all wages due. Employees that terminate voluntarily will be paid their final wages by direct deposit during the next pay cycle. The HR Manager is responsible to ensure that final payment to all voluntarily and involuntarily terminated employees complies with all applicable labor laws.

Accounts Payable Processing

Policy: The EDOF will approve all invoices for processing by check. The Finance Staff will prepare check requests that are within budgetary authority for the EDOF's signature.

Procedure: Only valid accounts payable transactions based on documented vendor invoices, receiving reports or other approved documentation are recorded as accounts payable. The Staff Accountant opens and reviews invoices and matches them to any additional purchasing documentation. Invoices are transferred to the EDOF for check request processing. The EDOF produces a check request that includes the date, the vendor name, general ledger account coding, description of the charge and the amount of the invoice. The Staff Accountant enters the invoice into the account payable module of the accounting system and records the invoice number on the check request. If the vendor is a sole proprietor or partnership, the Staff Accountant obtains a W-9 form and ensures that the vendor is designated as a 1099 recipient in the accounting system. The staff accountant is responsible to double check that the amount of the invoice and the amount of the check request are the same. They are also responsible to ensure that the vendor address in the accounting system is correct. The EDA signs the check request form as the Authorized Signature.

Purchases and Procurement

Policy: All purchases will be authorized by the EDOF or EDA. Any expenditure for the purchase of a single item over $10,000 will have bids from three separate suppliers. The Finance Committee will approve any contract between $10,000 and $25,000. Any vendor contract in excess of $25,000 will be approved by the BOD. Goods and services purchased with federal funds must follow federal procurement guidelines.

Procedure: The EDOF or EDA approves purchases after determining: that the expenditure is budgeted; there are funds for the expenditure; the expenditure is allowable under the appropriate revenue source; the expenditure is appropriate and mission and vision consistent; the price is competitive and proper bidding procedures have been followed; maximum value is being obtained.

Cash Disbursements

Policy: Sequentially pre-numbered bank checks will be issued upon receipt of appropriate documentation.

Procedure: The EDOF, or designee, processes check batches twice monthly. A check becomes a part of a batch when the invoice has been approved, supporting documentation has been reviewed and the Staff Accountant has entered the invoice into the accounts payable module of the accounting software. When a check batch is processed, sequentially numbered checks are printed by the accounting system. Checks are then photocopied. The check and photocopy are attached to the invoice and supporting documentation. Checks are signed by the EDA, EDOF, or BOD President. The original check is mailed to the payee by the EDOF or Staff Accountant. The duplicate check, check stub, invoice and supporting documentation are filed alphabetically by vendor in the business office. When a check needs to be voided, “VOID” is written in ink on the signature line and face of the check. Voided checks are filed in the business office sequentially.

Credit Cards/Debit Cards

Policy: School purchasing cards will only be issued with formal approval of the BOD and will only be used for school-related expenditures. Debit cards are not permitted.

Procedure: Purchasing card receipts and purchases are managed in an online application provided by the issuing bank. Individual cardholders are required to upload original copies of their receipts into the card management system and provide descriptions of their transactions. Cardholders provide the original receipts to the Staff Accountant after upload. If receipts are not available or contain an inappropriate expense, the individual making the charge is responsible for payment. Personal charges are not permitted. Credit cards contain the name of both the individual in possession of the card and the school. All reward points and rebates are the property of the school. Terminated employees relinquish their card and any receipts at the time of termination. Credit limits and purchasing restrictions on each card are managed within the card management software. The EDOF, Finance Manager and Staff Accountant have administrative rights to the card management software.

Employee Reimbursements

Policy: The school will reimburse pre-authorized school related expenses and classroom supply expenses. Mileage will only be reimbursed, with prior authorization, at the current federal mileage reimbursement rate. Classroom supply reimbursements will be considered pre-authorized up to the amount of the individual classroom/department approved budget. Reimbursement requests will be accompanied by original receipts or other appropriate documentation. Pre-authorization will be obtained from the EDOF, EDA or school principals.

Procedure: Employees seeking to make a school related purchase and request reimbursement must obtain pre-approval from the EDOF, EDA or building principal. Reimbursement requests are submitted with a signed request form and the original receipt to the Staff Accountant. The Staff Accountant reviews the request for correctness and appropriateness. Any inappropriate charges are not reimbursed. Reimbursement requests that are approved by the Staff Accountant and are given to the Finance Manager for review and processing in the next AP check batch.

Employees seeking reimbursement for classroom supply purchases, up to the limit of their approved budget, submit a signed reimbursement request along with original receipts to the Staff Accountant. The Staff Accountant reviews the request and supporting documentation for accuracy and completeness and records the purchase on the classroom account spreadsheet under the employee’s classroom account. The Staff Accountant signs the request as approved and forwards it to the Staff Accountant. The Staff Accountant enters the request amount into payroll for reimbursement on the employee’s next paycheck. The EDOF reconciles the reimbursement request and total reimbursements for classroom expenses to the payroll register.

Independent Contractors and Consultants

Policy: The school will comply with all federal and state laws relative to independent contractors. Independent contractors will be free from the school’s control and direction in performing services both by the terms of the contract and in fact. The utilization of consultants and contract personnel will be evidenced by a detailed agreement of services for contracts exceeding $5, 000.

Procedure: The EDA and EDOF are responsible for obtaining, approving and maintaining appropriate contracts. Contracts are obtained for goods and services over $5, 000. The EDOF keeps and maintains any contract files including any evidence of competitive bids (over $10,000). Contract service providers must be properly licensed and bonded and have adequate liability and workers comp insurance. The school may request to be maintained as an additional insured on the contractor’s insurance. The EDOF and EDA approve proposed contracts in writing. Contractors are paid upon completion of services. Advances for materials can be approved as a part of the contract. The EDOF and EDA are responsible to ensure that the terms of the contract are met. Potential conflicts of interest are disclosed and are not permitted. No staff member may be involved in contract decision making if they disclose a conflict of interest. Conflicts of interest with BOD members are not permitted, in compliance with the school's Conflict of Interest P policy. Payments for services performed by independent contractors are processed as accounts payable. The Staff Accountant is responsible for ensuring that a Form W-9 is obtained from each consultant and independent contractor before and payment is processed. At the end of the calendar year Form 1099 is issued to each independent contractor or sole proprietor consultant. Employees cannot be independent contractors. All contracts are approved per guidelines in the Purchasing and Procurement Section (page 18).

Asset Management

Investments

Policy: The school will invest public funds in a manner that will provide preservation of capital, meet daily liquidity needs, diversify the school's investments, conform to all local and state statutes governing the investment of public funds, and generate market rates of return.

Procedure: See BOD Policy: 2.0 Financial. The school maintains its investments in a Liquid Government Asset Trust at its approved vendor. The Foundation's reserve account is maintained by the bond trustee, Zion's Bank. The Finance Committee and EDOF will periodically review the investment opportunities for the school.

Capitalization of Equipment

Policy: The school will capitalize any item, purchased or donated with a useful life of greater than one year and a value of $5,000 or more.

Procedure: The EDOF maintains an asset schedule of capitalized assets that includes the purchase date, purchase price and description of the asset. The EDOF verifies that the asset is still in use and physically present at the end of each fiscal year. The asset schedule is part of the permanent audit work paper file.

Capital Asset Acquisition

Policy: Capital asset acquisitions will be tied to a capital budget that is reviewed and approved annually by the BOD.

Procedure: Capital asset purchases are approved by the EDOF and EDA within the capital budget authority. Requests for capital purchases are made in writing and approved in writing. A copy of the written authorization to purchase and purchasing documentation are filed by the EDOF. Capital assets are recorded on the asset schedule at time of acquisition.

Depreciation

Policy: The school will use the historical cost of any capital asset and the straight line method of depreciation to determine the annual depreciation of the asset over its useful life.

Procedure: The EDOF maintains a depreciation schedule that includes all capital assets subject to depreciation and their current and accumulated depreciation. This schedule is part of the permanent audit work paper file. Assets are generally depreciated as follows: vehicles-5 years; leasehold improvements-useful life or life of lease; building improvements-20 years; buildings-50 years.

Disposal of Assets

Policy: The school will maintain a record of disposition of any assets.

Procedure: Capital assets that are no longer useful may be disposed of at the discretion of the EDOF and EDA. The EDOF is responsible for the disposition of assets. The EDOF documents with a description of the asset, date of disposal and any monetary considerations. The EDOF is immediately notified of any theft, loss, damage or destruction of an asset by the staff. An asset disposal form is created by the Staff Accountant who records the dollar amount of the disposed asset on a deposit record and creates a bank deposit slip, if applicable. The bank deposit slip and any cash or checks are forwarded to the EDOF. The EDOF, or designee, records the asset disposal on both the asset schedule and the depreciation schedule. A permanent record of the disposal is filed in the asset's original acquisition file.

Loans and Leases

Policy: All short-term and long-term debt will be approved by the BOD in writing. The loan document will specify all applicable terms including: the purpose of the loan, the interest rate and the repayment schedule.

Procedure: The BOD and BOD legal counsel review and approve all loan documentation prior to signature of any document or promissory note. Loan covenants and reporting requirements are acknowledged by the BOD. The BOD President signs all promissory notes associated with short-term or long-term debt. The EDOF is responsible for compliance with loan covenants and reporting requirements.

Insurance

Policy: The school will maintain the following insurance with a high quality insurance agency at all times; General Liability, Property, Worker's Compensation, Professional Liability, Directors and Officers Coverage, Cyber Liability and Umbrella Coverage. The school will comply with the insurance requirements of all loan agreements, bond agreements and charter agreements.

Procedures: The Finance Manager EDOF reviews all insurance policies with the school's broker prior to the time of renewal to ensure: correctness of coverages and limits, competitive pricing, quality of insurance carrier, compliance with charter requirements and applicable loan/bond covenant requirements. Insurance policies are renewed prior to expiration on June 30th of each year. Certificates of insurance are obtained prior to the commencement of the new policy year and forwarded to Adams 12 Risk Management and the bond trustee at Zion's Bank by the EDOF.

Cash and Cash Management

Policy: The school will maintain daily adequate cash balances in the operating accounts to meet cash flow needs. The cash balances in each account will be reported to the BOD as part of the EDOF monthly BOD report.

Procedure: The EDOF, or designee, is responsible for monitoring the school's cash position on an ongoing basis. Bank balances are monitored daily and reconciled monthly. Cash flow management of inflow and outflow is prioritized and managed by the EDOF. The EDOF's monthly BOD report includes: a consolidated detail report with each bank balance reported, an income statement by fund and consolidated balance sheet by fund and a narrative of any unusual cash flow considerations. The BOD has a separate Strategic Reserve policy that is also monitored. The compliance with specific percentage of operating expenses required by the reserve policy is reported to the BOD monthly as part of the EDOF KPI report.

Competitive Bidding Policy

This Competitive Bidding Policy for Purchases ("Policy") applies to all faculty, staff, students, and other individuals who purchase goods and services that support Stargate's (the school) educational mission.

II. Policy Statement

The purpose of this Policy is to delineate the competitive purchasing or Bidding/Quoting Process for the school. This policy applies to purchase requisition requests for a school issued purchase order.

The school obtains a wide range of goods and services in order to achieve its mission. Good stewardship requires that it do so in a way that results in the best quality product or service being provided to the school at the best affordable cost. Further, we must address our requirements in ways that are fair to all vendors, that are ethical, and that enhance the business reputation of the school.

The school's ED, in conjunction with the , Executive Director of Operations and Finance (EDOF) provides guidance and develops policies to foster an environment of sound internal controls and compliance around processes that impact the school's financial statements. The main focus of its policies is to safeguard school's assets, promote effectiveness and efficiency, and assist the school community in maintaining compliance with laws, regulations, and all school policies.

Competitive bidding/purchasing for the school is intended to create an environment where fair, efficient, and cost-effective methods are used to (i) obtain services, materials, and supplies, (ii) award contracts, and (iii) engage qualified contractors and building trade professionals.

III. Policy

It shall be the policy of the school to have the following organized and delineated Bidding/Quoting Process:

1. All purchasing will be conducted in a competitive manner to assure that the school receives the best overall value for resources expended.

2. When ordering goods or services, it is the purchasing department's responsibility to prepare and secure competitive bids/quotes from vendors. The purchasing department should develop and maintain a sufficient list of responsible vendors to assure competitive bidding/quoting.

3. Regardless of the dollar amount, supporting documentation for requested items and pricing must always be provided when a purchase occurs.

4. Goods and services valued between $0 and $10,000 require a receipt, a written quote or documentation to support the purchase to document the source, validity, and amount of the request.

5. The purchasing department must obtain a minimum of three (3) written competitive bids required for all purchases of goods or services in excess of $10,000, up to $24,999. Bid/Quote requests must be for the same or comparable items for proper comparison. Multiple requisitions may not be created to circumvent the school's requirement for bids in excess of $10,000. Projects must be submitted in whole.

6. The Bidding/Quoting Process, including formal Request for Proposals (see Definitions below), must be utilized in the following instances:

a. If the anticipated annual value of the goods or services will exceed $25,000;

b. If the purchase involves capital equipment, renovations, or construction expenditures; or

c. If the Governance Board of Directors (BOD) or EDOF reasonably determines that a bid is necessary.

7. Exceptions to the Requests for Proposals or Bidding Process include:

a. Group Purchasing Contract (preferred vendors): The purchasing department is strongly encouraged to utilize preferred vendors. Vendors wishing to conduct business with Stargate are encouraged to contact the purchasing department directly.

b. Sole Source purchases: Sole Source Purchases are purchases that only one supplier (source) is capable of delivering the required good or service. Sole Source purchases must be adequately justified by the purchasing department and should be avoided if at all possible. The Sole Source Justification Form must be submitted with the purchase documentation if bids are not obtained. Written justification explanations for Sole Source purchases should not be due to reasons of convenience or scheduling. A vendor may be proposed as a sole source if: the requested product is an integral repair part or accessory compatible with existing equipment; the requested product has unique design/performance specification or quality requirements which are essential to research or teaching needs and are not available in comparable products ;the requested product is essential in maintaining research continuity and/or to remain in compliance with established school standards; the requested product is one with which staff have specialized training/extensive expertise and retraining would incur substantial cost in time or money; the requested provider of services has unique or exclusive capabilities that no other provider possesses.

c. Emergency Purchases: (delays in approvals, ordering, paperwork, etc. are not considered emergencies under this provision). An emergency purchase is permitted only when there is a situation which creates a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, fire loss, or such other reasons as may be proclaimed by the school Incident Commander. The existence of such conditions must create an immediate and serious need for supplies, services, information technology, or construction that cannot be met through normal procurement methods and the lack of which would seriously threaten the preservation of property, or the health or safety of any person;

d. Other goods or services, which the BOD and EDOF, reasonably determine will be more advantageously acquired without a bid process.

8. Bids will normally be awarded to the lowest compliant bidder. The school is not required by law to select the “lowest” bid. Rather, strive to obtain the “best evaluated” bid in terms of price, terms, satisfaction, adherence to specifications, ability to meet Stargate’s needs, product or service quality, and ability to meet delivery requirements. Other factors, including but not limited to, past service, vendor reputation, locality of the bidder, the long-term cost of acquiring the product or service, and minority status may be considered when evaluating competing bids. Any award to a higher bidder may be subject to additional review by the BOD and/or EDOF. Bids must be given in confidence and should not be revealed to other suppliers or unauthorized persons. Under normal circumstances, bids will not be opened publicly nor will the bid amounts be shared with all bidders. All bidders may be notified of the outcome of the process. Any information shared regarding the reasoning of the decision may not be quantitative as bids are confidential to both the bidder and the school.

IV. Definitions

- Bid/Quote: A bid/quote is used mainly when the specifications of a product or service are already known and price is the main or only factor in selecting the successful vendor.

- Proposal: A proposal is used where there is not a pre-defined product specification or service requirement, but rather a set of outcomes or deliverables needed to meet the project objective(s).

- Group Purchasing Contract (Preferred Vendors): A contract for goods or services available through a Group Purchasing Contract that is created to leverage the purchasing power of a specific group of businesses to obtain discounts from vendors based on the collective buying power of the members.

- Purchase Requisition: An internal document requesting the purchase of goods or services that provides information including all necessary approval signatures, budgetary codes, suggested vendors, items required, and pricing.

- Purchase Order: An external document that provides school approval to authorize the purchase of goods or services at agreed upon terms.

- Request for Proposal (RFP): An RFP is a formal process that outlines the required goods or services the school is seeking utilizing a defined structure to the procurement decision. The RFP is a tool for acquiring information, suggestions, and pricing from a vendor and is generally used when the user does not have exact specifications or plans finalized for a product, service, or project. An RFP provides an organized process to evaluate and compare the vendors and their responses to meet the need. Generally, the RFP process is used on larger and more complicated projects where greater flexibility is required to select a vendor. In their response, vendors can offer suggestions, ideas, or alternate proposals for consideration by the school. RFP's are used to obtain the best overall value for the school through a process involving several possible sources and are generally used where greater flexibility is required to select the source. There usually, but not always, is a committee associated with an RFP related project to gain the added benefit from a broad spectrum of functional experts to ensure the solution chosen will meet the school's requirements. Request for Proposal bids entail a more formal process and are defined in the Request For Proposal Policy and should normally be solicited through the use of the Postal Service, fax, or email (preferred) and should have a clear written response due date

Bidding Process: A method used by businesses to acquire competitive goods and services to accomplish their mission in a cost-effective

EXHIBIT A

Current Finance Department Systems and Vendors

- Accounting Software- SDS-Specialized Data Systems
- Payroll and HR Services- Paylocity
- Insurance Broker- HUB International
- Banking- JP Morgan Chase
- Restricted Investments- ColoTrust and Zion’s Bank
- Financial Auditors- Hinkle and Company

Approved November 29, 2023