



Graduation Achievement

CHARTER HIGH SCHOOL

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# Financial Policies

Amended June, 2016

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## GACHS ANNUAL OPERATING BUDGET POLICY

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Budget Process

SECTION 1.1. The Superintendent and Chief Executive Officer will ensure that Graduation Achievement Charter High School follows a budgeting process that is consistent with the requirements of federal and Georgia statutes, State Board of Education Rules and Regulations, and any other applicable laws or rules.

SECTION 1.2. The Superintendent and Chief Executive Officer is responsible for the preparation of the annual budget.

SECTION 1.3. Needs Analysis. Each year before the annual operating budget is drafted, the Superintendent and Chief Executive Officer shall ensure that a needs assessment of Graduation Achievement Charter High School is drafted and finalized by a budget committee consisting of the Superintendent and Chief Executive Officer, the Chief Financial Officer, and other individuals as designated by the board. The needs assessment shall inform the drafting of the annual budget.

SECTION 1.4. Adoption. The Board shall formally adopt the budget in an open meeting held in accordance with the Board's bylaws no later than June 30<sup>th</sup> of each year and before the expenditure of any funds.

SECTION 1.5. Minutes. The Secretary of the Board will record the adoption of the budget and any amendments in the Board meeting minutes in which the adoption occurs.

SECTION 1.6. Post-Adoption. After the adoption of the budget, the Superintendent and Chief Executive Officer and the Board shall review actual fund disbursements compared to the adopted budget and make amendments as needed. This shall occur soon after actual student enrollment is determined, no later than the January Board meeting.

### SECTION 2. Fiscal Compliance

The Chief Financial Officer, under the direction of the Superintendent and Chief Executive Officer, shall ensure that Graduation Achievement Charter High School complies with all state and federal laws and rules concerning the budget and related processes of the school.

## GACHS BANK PROCEDURES POLICY

The Board of Graduation Achievement Charter High School (GACHS) adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Bank Accounts

SECTION 1.1. The Treasurer of the Board of Graduation Achievement Charter High School has the authority to open a business checking account and a business operating account on behalf of Graduation Achievement Charter High School to be used to hold the school's assets.

The Treasurer of the Board has the authority to enter into an agreement with a bank or other federally insured financial institution once the Board has adopted a formal resolution at a board meeting held in accordance with its bylaws designating the bank for the school to use for its financial transactions. Once the resolution has been adopted, the Treasurer of the Board has the authority to enter into an agreement with the selected financial institution. This agreement should be signed by the Chair of the Board and the Treasurer of the Board.

### SECTION 2. Checks

SECTION 2.1. Any authorized check drafted on the school's designated bank account over \$5,000 shall require two signers from the Board. The following officers are authorized to sign checks from the bank account on behalf of the school: Treasurer of the Board and the Superintendent and Chief Executive Officer or Board President. Each check must be completed in its entirety before it is signed by either party.

SECTION 2.2. Checks Received. Checks received shall be endorsed "for deposit only" and deposits should be made daily by someone other than the person who prepared the deposit.

SECTION 2.3. Check Requests. Services or products rendered, reimbursement requests with original receipts, or mileage reimbursements may receive payment with a check. A check request form must be completed by the requestor and approved with a signature by their Supervisor or Manager. The check request form shall contain the name of the payee, the date the check is requested to be written, the amount of the check, a brief description for the issuance of the check, and the funding source that will be drawn from. The check request shall then be submitted to the Chief Financial Officer for processing. All check request forms shall be maintained by the Chief Financial Officer.

SECTIONS 2.4 Checks payable to cash for any reason are prohibited.

### SECTION 3. Mail Procedures

SECTION 3.1. A non-accounting staff person should receive the mail, open it, and list all checks on a daily collection report or in a pre-numbered receipt book. This report or receipt should identify the date, name of organization or person submitting payment, amount of payment and description of what the payment is for.

SECTION 3.2. An accounting staff member should receive the checks and daily collection report or receipt book from the person opening the mail.

### SECTION 4. Bank Reconciliations

SECTION 4.1 There will be segregation of duties between individuals responsible for cash receipts and cash disbursement and the individual(s) responsible for bank reconciliations.

SECTION 4.2 The Chief Financial Officer or his/her designee is responsible for bank reconciliations a minimum of once monthly. Bank statements should be delivered to the Director of Operations and Human Resources unopened. Each bank statement, assets, and liabilities shall be reconciled to both the checkbook and the general ledger.

### SECTION 5. CREDIT CARD PROCEDURES

It is the policy of Graduation Achievement Charter High School that credit card use shall be limited and only the following employees or board members are authorized to use school credit cards (purchase cards/Pcards): all Board members, Superintendent and Chief Executive Officer, Chief Financial Officer, Chief Leadership Officer, Chief Academic Officer, Chief Development Officer, and Program Coordinators for school business expenditures only. Credit cards may not be used for personal purchases and/or cash transactions and shall be maintained by the highest level of security. No single credit card transaction for more than \$500 shall be made. Travel arrangements are to be made in advance via the corporate travel agency. Credit card transactions larger than \$5,000 must receive prior board approval. Each credit card transaction by any user must be accompanied by the original receipts documenting each transaction. Fraudulent use of a PCard on any level will not be tolerated. Should it occur, all privileges will be immediately terminated and the cardholder will be required to reimburse the school for any and all fraudulent purchases. Further disciplinary action will be taken according to Board policy. Personal use of a PCard, if found to be accidental, will require the cardholder to refund the cost of the purchase to the School. More than one accidental use may lead to card termination. If the offense was found to be fraud, the cardholder could face termination and possible criminal charges. Missing receipts for purchases will result in PCard suspension until they are provided. If a copy of a receipt cannot be obtained from the vendor, a Missing Receipt Form [PDF] (signed by a supervisor, must be completed for each lost receipt. Multiple violations will result in account termination. Restricted purchases may result in PCard termination depending on the circumstances and the

severity. Failure to reconcile account by the monthly due date without contacting the PCard Office will result in PCard suspension until reconciliation is completed for the first two offenses, and PCard termination for the third offense. Failure to reconcile account by the monthly due date without contacting the PCard Office will result in PCard suspension until reconciliation is completed for the first two offenses, and PCard termination for the third offense. Irresponsible PCard management will cause a cardholder's account to be suspended pending a review.

#### SECTION 6. TRANSFER OF INFORMATION

If the individual serving as the Superintendent and Chief Executive Officer or Chief Financial Officer ends his or her term with the Board/employment with Graduation Achievement Charter High School or is terminated by the school or otherwise removed from his or her duties, he or she shall immediately give the school management all necessary passwords and other related information. The school will change the passwords and other security information once the individual serving as the Superintendent and Chief Executive Officer or Chief Financial Officer ends his or her employment with the school.

## CASH MANAGEMENT POLICY

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Accounting for Cash Transactions

SECTION 1.1. Documentation. All cash transactions shall be recorded in writing, such as by handwritten receipt detailing from whom the money and in what amount, which shall be signed and dated by the Chief Financial Officer's designee who has the authority to receive cash on behalf of Graduation Achievement Charter High School (GACHS).

SECTION 1.2. Depositing Cash. The Treasurer or Chief Financial Officer or Director of Operations and Human Resources shall be responsible for depositing cash in GACHS's bank account. The Director of Operations and Human Resources will only be responsible for depositing the cash into the bank account, and will be segregated from the duty of receiving the cash on behalf of the school. Deposits shall be made weekly at a minimum. All undeposited cash shall be kept in a secured location on school premises with limited access. A copy of the validated deposit slip shall be returned to the school on same day the deposit is made or the next day after the deposit is made.

SECTION 1.3. Expenditures. All expenditures of school funds, including cash expenditures, shall be documented and accounted for by daily receipts. As a general rule, cash will not be used to make purchases except from petty cash, as described below. School checks shall not be made payable to "Cash".

SECTION 1.4 Segregation of Duties. The Treasurer and Chief Financial Officer of Graduation Achievement Charter High School shall ensure that appropriate segregation of duties exists with regard to the handling of all money transactions including reconciliation.

SECTION 1.5 Petty Cash. Petty cash shall be maintained in a locked box in the Director of Operations and Human Resources' office in an amount not to exceed \$500. All disbursements from petty cash shall be documented in writing, indicating the date, amount disbursed, the identity of the individual receiving the funds, and the reason for the disbursement. Receipts from purchases made with petty cash shall be remitted to the Chief Financial Officer's office as soon as practicable. Petty cash funds shall not be used to cash checks.

## GACHS ACCOUNTING SYSTEM POLICY

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Fiscal Year

Graduation Achievement Charter High School adopts a fiscal year that begins on July 1 and ends June 30 of the following year.

### SECTION 2. Financial Accounting

Graduation Achievement Charter High School fully complies with generally accepted accounting principles (GAAP) and any other applicable state and federal standards for financial management systems.

SECTION 2.1 Accounting records. The school shall maintain records that adequately identify the source and application of funds. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

SECTION 2.2 Internal controls. The school shall maintain effective control and accountability of all state and local funds, federal grant and sub-grant cash, real and personal property, and other assets obtained with local, state or federal funds. The school shall adequately safeguard all such property and assure that it is used solely for authorized purposes.

SECTION 2.3 Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

SECTION 2.4 Budget control. The school shall compare actual expenditures or outlays of state or federal funds with budget amounts for each fund, grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. Applicable federal cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

### SECTION 2.5 Account Code Structure

All charter schools must use the account code structure as described in the Georgia Department of Education's Chart of Accounts.

## GACHS POLICY REGARDING AUDIT AND FINANCIAL STATEMENTS

The Board of Graduation Achievement Charter High School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Annual Audit.

SECTION 1.1. Annual Audit. Annually, the Treasurer of the Board shall ensure the engagement of a certified public accountant (CPA) or the Georgia Department of Audits to audit the financial and programmatic operations of Graduation Achievement Charter High School the Board shall select and contract only with Georgia-licensed CPAs or the Georgia Department of Audits. The Board shall ensure that the school provides timely assistance to the auditors in order to provide them with the necessary information for the audit.

### SECTION 1.2. Board Action

Once the Board of Graduation Achievement Charter High School receives the final report, it must vote to accept the contents of the audit at either its next regularly called meeting or at a special meeting called in accordance with the Board's bylaws.

SECTION 1.3. Submission to Authorizers. The Superintendent and Chief Executive Officer shall ensure that a copy of the annual audit report is timely filed with the State Board of Education. The audit report should include a certificate signed by the Chair of the Board that the Board voted to accept the contents of the audit. If the Board did not accept the contents of the audit report, that should be noted with the submission.

SECTION 2. Annual Financial Statement. The Superintendent and Chief Executive Officer shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

- a. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;
- b. the total disbursements of the fund, itemized by the nature of the expenditure; and
- c. the balance in the fund at the close of the fiscal year.

SECTION 2.1 The Superintendent and Chief Executive Officer shall ensure that the annual financial statement is submitted to all authorizers in a timely manner pursuant to deadlines.



## CONFLICT OF INTEREST POLICY

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Definitions

- (a) "Board Members" means individuals serving on the governing board of directors of Graduation Achievement Charter High School
- (b) "Board Chair" means the individual serving on the Graduation Achievement Charter High School governing board who has been appointed to serve as the chair; and
- (c) "Key Personnel" means individuals' serving in a management capacity

### SECTION 2. Policy Statement

Board Members must demonstrate unconflicted loyalty to the interests of Graduation Achievement Charter High School. All Board Members and Key Personnel shall conduct their personal business and private affairs to avoid any potential or actual conflict of interest between themselves and GACHS and shall take immediate and appropriate action to resolve any conflict of interest which actually arises. All Board Members and Key Personnel shall report to the Board Chair any facts or circumstances which they know, or should know, have resulted or will result in a potential or actual conflict of interest on the Annual Conflict of Interest Questionnaire. The Board Chair shall have ultimate and final responsibility for determining whether a potential or actual conflict of interest exists and for enforcement of this Policy.

#### C. Avoiding Potential or Actual Conflicts

In order to avoid situations which potentially, or in fact, give rise to a conflict of interest, Board Members and Key Personnel shall not engage in any of the following activities, except as authorized by a prior, written resolution of the Graduation Achievement Charter High School Board Directors following full disclosure by the affected Board Member or Key Personnel:

- 1) No Board Member or Key Personnel or member of his/her family shall accept, except on behalf of the Graduation Achievement Charter High School any money or valuable thing because of any purchase, sale, investment or loan made by or for GACHS, nor shall any person have any pecuniary interest in any such purchase, sale, investment or loan.
- 2) No Board Member or Key Personnel or member of his/her family shall obtain any loan from Graduation Achievement Charter High School nor, without the consent of the Board Member, hold or acquire a financial interest in any enterprise which is in competition with GACHS or which to the knowledge of the individual has any business relationship with GACHS as a vendor, or which to the knowledge of the individual has any

outstanding loan from Graduation Achievement Charter High School or is negotiating any

- 3) No Board Member or Key Personnel or member of his/her family shall accept gifts, gratuities, favors or services of any kind from any person, firm or corporation doing business or seeking to do business with the Graduation Achievement Charter High School, under circumstances in which it might be inferred that the donor's purpose was to influence the individual in the performance of his/her duties.

However, a gift may be accepted under the following circumstances:

- (a) The gift has no more than a token value; and
  - (b) It is in the normal exchange of hospitality or a customary gesture of courtesy between persons doing business together.
- 4) No Board Member or Key Personnel or any member of his/her family, shall divulge to others confidential Graduation Achievement Charter High School information, or use such information for personal profit.
  - 5) No Board Member or Key Personnel or any member of his/her family shall accept or maintain any position with any other business which position would conflict or might reasonably conflict with the individual's performance of Graduation Achievement Charter High School duties or responsibilities, without full disclosure thereof to the Board Members.
  - 6) Board Members must not use their positions to obtain employment or Graduation Achievement Charter High School has formal contracts, for themselves, family members or close associates. If a Board Member desires employment at Graduation Achievement Charter High School he or she must first resign from his or her duties as a Board Member.
  - 7) There will be no self-dealing or any conduct of private business or personal services between any Board Member and Graduation Achievement Charter High School. The Board may resolve to allow for business arrangements which meet established procedures for openness, competitive opportunity and equal access to inside information.
  - 8) No Board Member or Key Personnel or any member of his/her family shall engage in any other activity or take any other action not enumerated herein where the interests of the Board Member or Key Personnel may compete or conflict with the interests of Graduation Achievement Charter High School.

#### D. Conflict of Interest Annual Questionnaire

Each Board Member and Key Personnel, as applicable, shall submit a fully executed copy of the Annual Conflict of Interest Questionnaire to the Board Chair or his or her

designee within thirty (30) days of receipt. The Board Chair will note receipt of the Questionnaires in the minutes of the board meeting, and will take whatever action he or she deems appropriate to resolve such potential or actual conflicts of interest as disclosed on the Questionnaire.

E. Effective Date.

This policy shall become effective upon its adoption to all Board Members and Key Personnel. All new Board Members and Key Personnel shall complete the Questionnaire upon assumption of their responsibilities.

F. Confidentiality

Any information disclosed in the Questionnaire shall be confidential and used only for purposes of enforcing this Policy.

## GACHS CONFLICTS OF INTEREST QUESTIONNAIRE

This questionnaire has been prepared in accordance with Graduation Achievement Charter High School Policy Statement on Conflicts of Interest, and is to be completed by GACHS Board Members and any Key Personnel of Graduation Achievement Charter High School as deemed necessary.

It is expected that when a potential for, or an actual conflict of interest exists, the affected individual will disclose it immediately to the board chair and refrain from participating, discussing and/or voting on that issue.

Please read the statements below and check your appropriate response, including explanations, where applicable. Please date, sign and return to the form to the board chair, or his or her designee, within thirty (30) days of receipt.

I have examined my personal situation as directed in the Statement of Policy on Conflicts of Interest and find that I have:

No area of potential or actual conflicts of interest.

No area of potential or actual conflicts of interest except as follows:

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Signed:

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(Print or type title)

Date:

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## GACHS PAYROLL POLICY

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

SECTION 1.1. Accurate & Timely Payroll. The Superintendent and Chief Executive Officer shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules.

SECTION 1.2. School employees shall be paid:

- a. In United States currency;
- b. By a written instrument (e.g. check) issued by the employer that is negotiable on demand at full face value for United State currency; or
- c. By the electronic transfer of funds to the employee's bank pursuant to a direct deposit agreement signed by the employee.

SECTION 2. Paydays.

- a. Exempt Employees. The paydays for exempt employees shall be on a biweekly basis.
- b. Non-exempt Employees. The paydays for non-exempt employees shall be on a biweekly basis.

SECTION 3. Withholding of Wages. The Superintendent and Chief Executive Officer or designee shall ensure that the wages of school employees are not withheld except in the following situations as permitted by applicable laws and rules.

- a. The school is ordered to do so by a court of competent jurisdiction;
- b. The is authorized to do so by state or federal law; or
- c. The school has written authorization from the employee to deduct part of the wages for a lawful purpose.

SECTION 4. Teachers Retirement System. Unless otherwise allowable by law, all teachers at Graduation Achievement Charter High School shall be members of the Georgia Teachers Retirement System and subject to its requirements. Graduation Achievement Charter High School will ensure that the school complies with all requirements of the Georgia Teachers Retirement System, including making any required contributions.

## GACHS FEDERAL FISCAL COMPLIANCE POLICY

The governing body (“Board”) of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Fiscal Requirements under Title I, Title II and Title IV of NCLB and other federal funds under the Elementary and Secondary Education Act.

SECTION 1.1. Supplement not Supplant. Graduation Achievement Charter High School shall ensure that federal funds will be used to supplement, not supplant regular non-federal funds.

SECTION 1.2. Documentation. Documentation shall be maintained, or caused to be maintained, by the Superintendent and Chief Executive Officer. The documentation must clearly demonstrate the supplementary nature of federal funds.

SECTION 2. Federal Grant Allowable Expenditures. Prior to expending funds, the Superintendent and Chief Executive Officer or designee shall consult the appropriate OMB Circular or other federal guidance to determine what costs are allowable. The Superintendent and Chief Executive Officer shall ensure that all grant funds are expended in accordance with the Circular or other applicable federal law or rule.

SECTION 3. Employee Time Sheet. If an employee’s compensation is funded by any grant, the Superintendent and Chief Executive Officer or designee shall ensure that the employee maintains a time sheet on which he or she records the time spent during the work day along with a description of the service he or she performed during that time. The time sheets must contain the signatures of the employee and a school official.

SECTION 4. Charter Schools Program (CSP), NCLB Title V, Part B

SECTION 4.1. Compliance. If Graduation Achievement Charter School receives CSP grants, the Superintendent and Chief Executive Officer shall ensure that GACHS shall comply and use the federal funds in accordance with all statutes, regulations, and approved applications.

SECTION 4.2. Fiscal Control. The Superintendent and Chief Executive Officer or designee shall directly administer or supervise the administration of any projects funding through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

SECTION 4.3. Procurement. When using CSP funds to enter into a contract for equipment or services the Superintendent and Chief Executive Officer shall comply with the applicable federal procurement standards.

## SECTION 5. Use of Federal Grant Funds for Procurement

SECTION 5.1. Open and Free Competition. The Superintendent and Chief Executive Officer shall ensure that all procurement transactions are conducted in a manner that provides open and free competition. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to Graduation Achievement Charter High School considering price, quality, and other relevant factors deemed appropriate by GACHS.

SECTION 5.2. Conflicts of Interest. Pursuant to the Conflict of Interest Board Policy, no employee, officer, or agent of, who has a real or apparent conflict of interest, will participate in the selection, award, or administration of a contract supported by federal funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

### SECTION 5.3.

- a. The solicitation of bids or offers must provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed including the minimum acceptable standards and specific features of brand name or equal descriptions that bidders are required to meet;
- b. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible;
- c. The type of procurement instruments used (e.g. purchase orders) must be appropriate for the particular procurement;
- d. Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;
- f. Procurement documents shall be made available, upon request, to appropriate government officials.

SECTION 5.4. Record Documentation. The Superintendent and Chief Executive Officer or designee shall ensure there is a cost or price analysis made and documented with every procurement action as well as appropriate documentation for the basis for contractor selection. The Superintendent and Chief Executive Officer shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract.

## GACHS POLICY REGARDING CAPITAL ASSETS ACCOUNTING

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

Section 1.1. Definition of Capital Asset. A capital asset is an asset that is tangible in nature; has a life that exceeds one year; of significant value (\$5,000 per unit or a lower amount designated by the board of directors); and reasonably identified and controlled through a physical inventory system. Examples include: land, buildings, machinery, and furniture.

SECTION 1.2. Documentation. The Superintendent and Chief Executive Officer or his or her designee shall ensure that Graduation Achievement Charter High School maintains accurate records of capital assets in accordance with applicable rules.

SECTION 1.3. Inventory. The Superintendent and Chief Executive Officer or his or her designee will ensure that a physical inventory of capital assets takes place once every two years.

SECTION 1.4. Annual Audit. The annual financial audit required by O.C.G.A. 20-2-2065 (b)(7), shall include an exhibit in the audit report identifying all capital assets and the ownership interest of local, state, and federal parties.



## GACHS POLICY STATEMENT REGARDING INVESTMENT OF STATE FUNDS

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Investment Policy. The Superintendent and Chief Executive Officer and the Treasurer of the Board shall ensure that any investment of state funds is done in accordance with applicable state law and rules, including the Financial Manual for Local Units of Administration. The investment of state funds shall be made with judgment and care and not for speculation, but for investment, considering the probable safety of capital and the probable derived income.

SECTION 1.1. Investment of state funds shall be governed by the following objectives, in order of priority (1) preservation and safety of principal; (2) Liquidity; and (3) Yield.

### SECTION 2. Investment Management Firm and/or Officer

The Board may determine that it is necessary to contract with an investment management firm that is registered under the appropriate governmental entities to provide for the investment and management of the funds. Such a contract shall not exceed two years.

### SECTION 3. Discrete Maintenance of Records.

The Superintendent and Chief Executive Officer shall ensure that all investments will be maintained in a discrete, charter investment account, separate from any other of accounts.

### SECTION 4. Investments.

The following investments have received approval for the one year period from July 1 to June 30 of any given fiscal year

- 1.
- 2.
- 3.
- 4.
- 5.

## GACHS FUND BALANCE REPORTING POLICY

The Board of Graduation Achievement Charter High School adopts the following policy, which shall be effective on the date that the policy is adopted by the Board.

**SECTION 1. PURPOSE.** The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the district and the taxpayer. This policy establishes guidance concerning the desired level of year-end fund balance to be maintained by the district and the management of fund balance levels and is applicable only to the General Fund of the School District.

**SECTION 2. DEFINITION AND POLICY.** Fund balance is a measurement of available financial resources defined as the difference between total assets and total liabilities in each fund.

The Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

1. Non spendable Fund Balance – Fund balance reported as “non-spendable” represents fund balance associated with inventory, prepaid items, long-term amounts of loans and notes receivable, property held for resale (however, if the use of the proceeds from the collection of receivables or sale of the property is restricted, committed, or assigned, then the receivables or property should be reported in those categories), and corpus of a permanent fund (legally/contractually required to be maintained).
2. Restricted Fund Balance – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources (such as bond resolutions and covenants and SPLOST referendums).
3. Committed Fund Balance – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board as the highest level of decision-making authority will have the sole authority to commit fund balance. Constraints can be removed or changed only by the Board. Actions to constrain resources should occur prior to the end of the fiscal year, though the exact amount may be determined subsequently.
4. Assigned Fund Balance – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed either by the Board or individual authorized by the Board. Assigned fund balance also includes

residual fund balance amounts in the special revenue funds, capital projects funds, and debt service funds. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance. The Superintendent or other authorized school leader will have the authority under this policy to assign funds for a particular purpose.

5. Unassigned Fund Balance – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. The Board will strive to maintain an unassigned fund balance in the General Fund of between 5% -15% based upon annual budgeted expenditures. The balance may be drawn down in the event of an unexpected decrease in the property tax digest or a reduction to state funding.

Unassigned fund balance is reported only in the General Fund except in cases of negative fund balances in other governmental funds. If expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, amounts assigned to other purposes in that governmental fund are reduced to eliminate the deficit.

When an expenditure is incurred that would qualify as an expenditure of either Restricted or Unrestricted fund balance those expenditures will first be applied to the Restricted Fund Balance category. When expenditures are incurred that would qualify as a use of any of the Unrestricted Fund Balance categories (Committed, Assigned, Unassigned), those expenditures will be applied in the order of Assigned first, then Unassigned, and then Committed.