

Policy 202: Financial, Debt, Risk Management and Disclosure Procedures Policy

1. Purpose:

The Board and Administration of St. George Academy (or “SGA”) shall manage the financial affairs of SGA based on the following Administrations: (1) comply with all applicable laws or loan covenants, (2) provide the best educational services to the students of SGA consistent with SGA’s charter, and (3) get the most effective and cost efficient services possible in all areas at SGA.

2. Policy

2.1 General Financial Management

2.1.1 The SGA Board understands that the school is a steward over the financial resources and assets entrusted to them by the state of Utah. The Board recognizes the need to abide by all applicable laws and regulations, including 53A-1a-508, including the following acknowledgements: (i) fiscal procedures will be consistent with generally accepted financial management standards; and (ii) neither the chartering entity nor the state, including an agency of the state, is liable for the debts or financial obligations of SGA or persons or entities who operate SGA, unless agreed to in writing with SGA.

2.1.2 SGA adheres to Generally Accepted Accounting Principles as constituted by the Financial Accounting Standards Board. SGA also ensures that all applicable areas of the Utah Money Management Act are followed. Cash collected at SGA is reconciled daily in the presence of two authorized individuals, sealed in tamperproof envelopes, and deposited daily, whenever practicable, but not later than three days or as otherwise required by applicable rules governing SGA cash management.

2.1.3 In accordance with state law, SGA, prior to June 30th of the each fiscal year, prepares an annual operating budget for the next fiscal year. The budget is designed so that SGA priorities, as established by the Board, are met. All budgets and budget amendments are Board approved, being voted upon in a public meeting in accordance with the Utah Open and Public Meetings Act. Subject to appropriation limits with object codes and other restrictions, SGA reserves the right to reallocate funds from one line item in the budget to another as prescribed by the Board if purchasing practices or conservation result in an expenditure different from the budgeted amount. The Board may choose to add undistributed reserves from SGA operational budget to the following year

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and/or may reallocate them to the current fiscal year's budget, at its discretion. The budget and cash flow projections utilized by SGA provide sufficient detail to enable reasonably accurate projections of revenues and expenses, separation of capital and operational items, cash flow, and subsequent audit trail documentation.

2.1.4 In addition, SGA understands and complies with all applicable fiscal rules/regulations, including completion and submission of an annual financial audit of the current fiscal year conducted by an independent certified public accounting firm by November 30th of the following fiscal year, submission of October and December student counts in accordance to state mandated deadlines, Utah Money Management reports, wages and benefits negotiation reports, Utah Transparency Act reports and updates, October 1st AFR and APR submissions, and any other regular enrollment and financial reports as required by the State Office of Education.

2.1.5 Purchases are authorized and carried out in accordance with the Cash Disbursement Policy adopted by the Board and the Utah Procurement Code.

2.1.6 SGA will utilize a fixed asset inventory system that, in accordance with federal guidelines, tracks all of SGA fixed assets. . SGA will adopt procedures for the disposal of fixed assets to ensure proper reconciliation of inventory records at the end of the fiscal year. Regular inventory counts are performed, and the Board holds the administration, faculty, and custodial/maintenance staff responsible to inventory items assigned to their classroom, office, or role at SGA.

2.1.7 All fiscal policies and procedures comply with SGA's conflict of interest policy.

2.1.8 SGA assigns a representative to attend school finance and statistics training and all required finance training. SGA will continue to take the measures necessary so that its representative(s) attend future trainings as announced or provided to ensure accounting and management of SGA resources are in compliance with any revisions to rules and laws governing SGA.

3.1 Minimum Reserve and Coverage Levels

3.1.1 SGA will maintain minimum reserve and coverage levels that the Board determines are consistent with long-term financial health. The Board financial coordinator, administration, and accounting staff will regularly monitor the status of reserve and coverage ratios and report that information to the Board.

3.1.2 SGA will ensure that it satisfies minimum reserve and coverage levels as required by law or applicable loan covenants.

3.1.3 SGA will take reserve and coverage levels into consideration when making budgeting, financial planning, and other financial decisions, including decisions regarding major purchases.

4.1 Financial Forecasting and Budgeting

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4.1.1 Throughout the fiscal year, the Board financial coordinator, administration and accounting staff will meet regularly to discuss the budget, SGA financial status, and any changes. The Board will be fully engaged in the budgetary process and informed of such issues on a regular, monthly basis.

4.1.2 The Board financial coordinator, administrator, and accounting staff will meet to prepare a tentative budget. SGA's budgeting philosophy will be to conservatively project both revenues and expenses while achieving the level of accuracy required by state standards. The tentative budget will be circulated to the Board for further review and discussion. The tentative budget will be scheduled for discussion on a board meeting agenda, further discussed, and adopted at the annual board meeting.

4.1.3 As the October 1 count is finalized, and as SGA receives new revenues, the Board will be updated on new figures. In order to account for these changes, the Board will approve revisions and amendments to the budget over the course of the fiscal year.

5.1 Debt

5.1.1 SGA will seek to avoid debt to the extent possible. SGA's plan is to only assume debt as absolutely necessary or when the benefits of a purchase will, in the judgment of SGA's board, benefit SGA's students for the life of such debt. The Board recognizes that the ability to take on debt will be governed by the covenants of existing indebtedness and pending indebtedness. SGA's accounting staff, administration and Board financial coordinator will be informed of the requirements affecting SGA ability to incur debt. Any debt assumed by SGA will therefore comply with applicable laws and any existing loan covenants.

5.1.2 As economical or in its best interests, SGA will seek refunding opportunities to either lower its debt profile, meet bond covenants or other advantageous benefits realized through a restructure of its debt.

6.1 Risk Management

6.1.1 As a nonprofit corporation and public school, SGA shall actively seek to avoid unnecessary risks to the greatest extent possible. SGA shall always maintain insurance at the highest amount that is either (a) required by law, (b) required by existing loan covenants, (c) is reasonable and customary for a Utah Charter School, or (d) is considered prudent by SGA's board after consulting with qualified professionals. In the event any material risk is identified by SGA's board or administration that is not covered by existing insurance, a qualified professional shall promptly be engaged to evaluate such risk and recommend the appropriate action.

6.1.2. The board will work with qualified professionals to recognize and avoid risks associated with its governance of SGA. In particular, the board will be cognizant of financial risks that are addressed by the provisions above, compliance with applicable laws, including but not limited to

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the Utah Open and Public Meetings Act and the Government Records Access and Management Act. The Board will periodically review the policies that it has adopted to ensure that it has all necessary policies in place and that the policies that have been adopted comply with current law, adequately address issues at which they are aimed, and cover all areas requiring board guidance. The Board may periodically ask that the Administration provide evidence that Board Policies are being complied with. In the event the board learns that policies are not being complied with, it will ask the Administration to create a plan to remedy any deficiencies and establish procedures to ensure that the policies are complied with in the future.

6.1.3 The Administration is also directed to work with qualified professionals, including SGA's business management company and loss control representatives of SGA insurer, to recognize, manage and avoid risks associated with the operation of SGA. In particular, the Administration will be cognizant of risks associated with human resources activities, student safety and security, facility matters, and state and federal legal compliance, including civil rights issues. The Administration will establish administrative procedures in order to address key issues pertaining to SGA operations and will ensure that all SGA employees and, to the extent necessary, students and parents, are aware of such procedures. The Administration will periodically review and revise administrative procedures in order to ensure that they adequately address the pertinent issues and are consistent with SGA situation and needs.

7.1 Disclosure (or Post Issuance Compliance)

7.1.1 Throughout the fiscal year, the Board financial coordinator, administration and accounting staff will meet regularly to discuss how best to comply with all debt obligations using the most effective, efficient and honest methods available. The full Board will be updated at least once a year on the compliance with such requirements.

7.1.2 In the event of a material violation of any post issuance requirement, or allegation by any source of a material violation, the Board of SGA will be informed in writing by the Board financial coordinator, administration or accounting staff, and the Board shall meet promptly to discuss how best to deal with the material violation or alleged material violation.