

BUDGET POLICIES

Budget Development and Oversight Calendar and Responsibility

The Board of Directors (“Board”) for Urban Charter Schools Collective (“UCSC”) accepts responsibility for adopting a sound budget for each fiscal year which is aligned with UCSC’s mission, vision, goals, and priorities. The UCSC budget shall guide administrative decisions and actions throughout the year and shall serve as a tool for monitoring the fiscal health of UCSC.

The Board shall adopt the budget only after a local control and accountability plan (“LCAP”), developed pursuant to Education Code §§ 52060-52077, or an annual update to the LCAP is in place for the budget year. Expenditures necessary to implement the LCAP or the annual update during the subsequent fiscal year shall be included in the budget

UCSC will develop and monitor its budget in accord with the calendar specified below.

January – February

- With the assistance of the Superintendent or designee, the Board, Principals, and Academy Councils will review the Governor’s proposed state budget for the upcoming fiscal year and identify the likely range of revenues for the upcoming fiscal year, which shall run from July 1 of the current calendar year to June 30 of the following calendar year.
- The Chief Business Officer (“CBO”) and Superintendent, or each of their designee reviews/prepares a set of proposed budget development principles for Board review and approval.
- Principals and Academy Councils update the upcoming year’s Local Educational Agency (“LEA”) Plan, and present a draft to the Board for approval. The LEA Plan calls for integration of coordinated actions that LEAs will take to ensure meeting programmatic requirements, student academic services, needs assessments, supplemental services, and others as required.
- The CBO and Superintendent, or each of their designee assists Academy Councils and Principals in developing, drafting, and planning a budget for the upcoming fiscal year based on each draft LEA Plan approved by the Board. Principals and Academy Councils are encouraged to seek input from students, parents/guardians, and community members when preparing a draft budget. The draft budget includes projected enrollment and any proposed staffing changes.
- The CBO and Superintendent, or each of their designee will develop a five (5) year budget projection in accordance with the strategic growth plans the Board has established. A five (5) year budget projection shall include adequate provisions for addressing long-term

financial obligations, including but not limited to long-term obligations resulting from financing of facilities projects, unfunded or future liability for retiree benefits, and accrued workers' compensation claims.

- The Board and CBO and Superintendent, or each of their designee will provide ongoing monitoring and revision of the current fiscal year budget.

March – April

Principals and Academy Councils will finalize the upcoming year's LEA Plans and update the proposed draft budgets to reflect the plan. The CBO and Superintendent, or each of their designee will review each LEA Plan and the updated draft budget to determine if the budget is a reflection of the plan. If it is not, both the plan and the budget will be returned to the Academy Council and Principal for revision.

- The Board and CBO and Superintendent, or each of their designee will provide ongoing monitoring and revision of the current year budget.
- The CBO and Superintendent, or each of their designee solicits bids for the annual audit and recommends an auditor for the Board's approval.
- Before adopting the USCS budget for the subsequent fiscal year, the Board shall hold a public hearing. An agenda for this hearing shall be posted at least seventy-two (72) hours before the hearing and shall indicate the location where the budget may be inspected. The proposed budget shall be available for public inspection at least three (3) working days before this hearing. This hearing shall be held at the same meeting as the public hearing to solicit public input on the LCAP or annual update to the LCAP.

May – June

- The CBO and Superintendent, or each of their designee provides advice and information to the Board, Principals and Academy Councils in reviewing revenue projections subsequent to the Governor's annual "May Revision" to budget figures, and works with the Academy Councils and Principals to fine-tune the upcoming fiscal year budget to accommodate any changes. This budget will include the monthly cash flow projections. Principals and Academy Councils review and finalize the proposed budget for the upcoming fiscal year and forward to the CBO and Superintendent, or each of their designee for alignment verification between program and budget before submitting to the Board for approval.
- At a public meeting taking place before June 15, the Board reviews and formally adopts a budget for upcoming fiscal year following the adoption of the LCAP at the same meeting. The budget shall not be adopted if an approved LCAP or annual LCAP is not in effect for the budget year. A copy of the final budget is provided to the charter-granting agency.

- The Board and CBO and Superintendent, or each of their designee will provide ongoing monitoring and revision of the current year budget.

July – August

- The CBO and Superintendent, or each of their designee closes all books for the prior fiscal year. All transactions are posted, and records assembled for audit.
- The CBO and Superintendent, or each of their designee reviews the budget subsequent to the adoption of the annual Budget Act and makes necessary adjustments after consulting with the Board, Principals and Academy Councils. A copy of the revised final budget is provided to the charter-granting agency after approval by the Board. The revised final budget shall also be made available for public review.
- Independent auditor performs audit of the just-closed fiscal year and prepares audit report for submission to the Audit Committee.
- At the end of the first full week of school, the CBO and Superintendent, or each of their designee reviews the UCSC actual attendance figures and notifies the Board if actual attendance is below budget projections. If needed, the school's budget is again revised to match likely revenues.

September – December

- The CBO and Superintendent, or each of their designee reviews a copy of the audit. The Board addresses any audit exceptions or adverse findings. The audit report and any follow-up plans are submitted to the charter granting agency.
- The CBO and Superintendent, or each of their designee review current year actual versus budgeted revenues and expenditures after the second and fifth months of the school year and report to the Board. Whenever revenues and expenditures change significantly throughout the year, the CBO and Superintendent, or each of their designee shall recommend budget amendments to ensure accurate projections of UCSC's net ending balance. The Board shall consider and approve any needed changes to the annual budget that the Board feels is necessary.
- The Board and CBO and Superintendent, or each of their designee will provide ongoing monitoring and revision of the current year budget.

Controls, Budget, and Fiscal Management

UCSC will maintain the following principles in its ongoing fiscal management practices to ensure that (1) expenditures are authorized by and in accord with amounts specified in the Board-adopted budget, (2) each school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and (3) all transactions are recorded and documented in an appropriate manner.

Segregation of Duties

UCSC will develop and maintain check request and purchase order forms to effectively document the authorization of all non-payroll expenditures. The CBO and Superintendent, or each of their designee must review all proposed expenditures to:

1. Determine if the expenditure is budgeted
2. Determine if funds are currently available for expenditures (i.e. cash flow)
3. Determine if the expenditure is allowable under the appropriate revenue source
4. Determine if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations
5. Determine if the price is competitive and prudent. All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services

All transactions will be posted in an electronic general ledger, which shall be maintained by the CBO and Superintendent, or each of their designee or a contracted bookkeeper. To ensure segregation of recording and authorization, the bookkeeper may not co-sign check requests for purchase orders.

Budget Transfers

The CBO and Superintendent, or each of their designee may transfer up to \$5,000 from one unrestricted budget item to another without prior Board approval, but shall notify the Board of the transfer at the next regularly scheduled meeting.

Banking Arrangements

UCSC will maintain its accounts either in the County Treasury (or with the County Office of Education if applicable) or at a federally insured commercial bank or credit union. Funds will be deposited in non-speculative accounts, including federally-insured savings or checking accounts, or invested in non-speculative federally-backed instruments or in the County's Pooled Money Investment Fund. If funds are held in accounts outside of the County Treasury, the Board must appoint and approve all individuals authorized to sign checks or warrants in accord with these policies.

The Board will approve, in advance, the list of authorized signers on the school accounts. The CBO and Superintendent, or each of their designee, the Board Treasurer, and any other employee authorized by the Board may sign bank checks within established limitations. The Board will be authorized to open and close bank accounts.

The CBO and Superintendent, or each of their designee will be responsible for all blank checks and will keep them under lock and key. The Superintendent and Board Treasurer will co-sign checks in excess of \$5,000 for all non-recurring items. All checks less than \$5,000 require only the signature of the Superintendent. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.

The CBO and Superintendent, or each of their designee will examine all paid checks for date, name, cancellation, and endorsement. Any discrepancies regarding the paid checks or any checks over 90 days will be researched and if applicable deleted from the accounting system, and the CBO and Superintendent, or each of their designee will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation. The CBO and Superintendent, or each of their designee will compare the reconciled bank balance to the cash in the bank account to the general ledger, immediately reporting any material discrepancies to the Superintendent. The CBO and Superintendent, or each of their designee reconcile the each school's ledger(s) with its bank accounts or accounts in the County Treasury on a monthly basis and prepare (1) a balance sheet, (2) a comparison of budgeted to actual revenues and expenditures to date, and (3) a cash flow statement. The Superintendent and Board will regularly review these statements.

UCSC will deposit all funds received as soon as practical upon receipt. All funds received shall be deposited or transferred into its accounts at the earliest possible convenience and in no event later than forty-eight (48) hours after receipt.

Payment of Invoices

All original invoices will immediately be forwarded to the Superintendent for approval.

The CBO or designee will carefully review each invoice, attach all supporting documentation, verify that the specified services and/or goods were received, and forward for approval to the Superintendent for payment with a signature. When receiving tangible goods from a vendor, the person designated to receive deliveries should trace the merchandise to the packing list and note any items that were not in the shipment. The packing list should be submitted with the invoice and the invoice should be adjusted for any missing items noted on the packing list before processing for payment.

Once approved by the Superintendent, the CBO or designee will stamp a check authorization on the invoice and complete the required information, including noting the specific budget line item

that is to be charged for the specified expenditures. The Superintendent provides his/her signature on the stamp/invoice. The CBO or designee will then prepare a check for the Superintendent's signature, and will send the signed check to the vendor with a copy of the invoice.

Purchasing Procedures

All purchases over \$500 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. The CBO and Superintendent, or each of their designee shall not approve purchase orders or check requests lacking such documentation. Documentation shall be attached to all check and purchase order requests showing that at least three (3) vendors were contacted and such documentation shall be maintained for three (3) years. All purchases in excess of Ten Thousand Dollars (\$10,000) must be bid by a Board-approved process, except in the case of emergencies that necessitate the purchase of emergency response supplies, equipment, or services.

Record Keeping

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by UCSC staff in a secure location for at least seven (7) years, or as long as required by applicable law, whichever is longer. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from any school site or the USCS business office.

Property Inventory

Principals shall establish and maintain an inventory of all non-consumable goods valued over Two Hundred Dollars (\$200) and equipment valued over Five Hundred Dollars (\$500). This inventory shall include the original purchase price and date, a brief description of the item, serial numbers, and other information appropriate for documenting UCSC's assets. This property will be inventoried on an annual basis and lists of any missing property shall be presented to the Board.

All non-consumable school property lent to students shall be returned to the school no later than five (5) working days after end of the school year.

With approval of the Board, any excess or surplus property owned by USCS may be recommended for sale or auctioned by the Superintendent, provided the Superintendent engages in due diligence to maximize the value of the sale or auction.

Payroll Services

UCSC will contract with the County Office of Education or a reputable, bonded, and insured payroll contractor to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The CBO and Superintendent, or each of their designee will establish and oversee a system to prepare time, and attendance reports, and submit payroll check requests. The CBO and Superintendent, or each of their designee will review payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholdings have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll-related documentation including a federal I-9 form, tax withholding forms, retirement date, and an accounting of the use of Approved Paid Leave (“APL”).

Attendance Accounting

The CBO and Superintendent, or each of their designee will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at each school site and engaged in the activities required of them by law. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act and the applicable California Administrative Code sections defining Charter School Average Daily Attendance (“ADA”). Therefore:

- ADA will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction for each school site.
- All schools’ instructional calendars will include at least one-hundred seventy-five (175) days of instruction. The calendars must also document that the schools offer an amount of annual minutes of instruction as required pursuant to applicable law.

Annual Financial Audit

The CBO and Superintendent, or each of their designee, with the approval of the Board, shall annually contract for the services of an independent certified public accountant who appears on the State Controller’s list of approved auditors to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of UCSC’s financial statements, (2) an audit of UCSC’s attendance accounting and revenue claims practices, and (3) an audit of UCSC’s internal controls practices. If the UCSC receives over \$500,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The audit shall be completed, reviewed by the Board, and submitted to the

charter-granting agency, the County Office of Education, the Office of the State Controller, and California Department of Education prior to December 15 of each year.

Travel[SK1]

1. Employees will be reimbursed for mileage when pre-approved by an administrator. Mileage will be reimbursed at the school-approved rate for the distance traveled, less the distance from the employee's residence to the school site for each direction traveled. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.
2. The Superintendent must pre-approve all out of town travel.
3. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates should be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available. Employees will be reimbursed at the established per diem rate for any breakfast, lunch, or dinner that is not included as part of the related event.
4. Travel advances require written approval from the Superintendent and a signed Travel Request form.
5. Travel advances require receipts for all advanced funds.
6. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Superintendent for approval and processing.
7. If the advance exceeds the amount of the receipts, the employee will pay the difference immediately in the form of a check.
8. If the advance is less than the amount of the receipts, the difference will be reimbursed to the employee in accordance with the expense report.

Required Budget and Other Fiscal Reports

The CBO and Superintendent, or each of their designee will produce and submit to the charter-granting agency any and all required fiscal reports as may be required by state or federal law, or mandated by the terms of the approved charter petition. These include, but are not limited to, attendance reports, enrollment and other data reports required by the California Basic Education Data System, and other related data.

Property and Liability Insurance

The CBO/Superintendent/designee shall ensure that UCSC acquires and retains appropriate property and liability insurance coverage. Property insurance shall address business interruption and casualty needs, including flood, fire, earthquake, and other hazards with replacement cost coverage for all assets listed in UCSC's Property Inventory and consumables. Premises, Workers Compensation, student accident, and Directors and Officers errors and omissions liability insurance shall also be obtained and kept in force at all times on a "claims made" form with a self-insured retention of no more than \$50,000 per occurrence and limit of no less than

\$5,000,000 per occurrence. UCSC Administration and other staff who manage funds may be placed under a fidelity bond if the Board deems this to be appropriate.

Board Compensation

Board members shall serve without compensation, but may be reimbursed for actual and necessary expenses. Expenses for travel necessary to attend Board meetings and meetings of Board committees need not be approved in advance by the Board. All other expenses shall be approved in advance by the Board. Travel expenses reimbursed shall not exceed levels that would be subject to federal or state income tax. All expenses reimbursed shall be documented by receipts and in no event may reimbursements exceed actual expenses.

Authority to Enter Into Contracts and Agreements

Except as otherwise provided in these policies, the Superintendent may enter into contracts and agreements not to exceed \$5,000 without Board approval, provided funds sufficient for the contract or agreement are authorized and available in accordance with the budget. Contracts and agreements in excess of \$5,000 “must be submitted for Board approval and may be executed by the Superintendent or other person specifically designated by the Board after the Board has duly approved the contract or agreement. Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors). Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker’s compensation insurance currently in effect. The Superintendent may also require that contract service providers list the school as an additional insured.

Fundraising, Grant Solicitation, and Donation Recognition

All fundraising or grant solicitation activities on behalf of UCSC must be approved in advance by the Superintendent or designee. The Superintendent or designee shall inform the Board of any conditions, restrictions, or compliance requirements associated with the receipt of such funds, including grants or categorical programs sponsored by the state or federal government. The Board shall be notified no later than the next regular Board meeting of the award or receipt of any funds and shall approve the receipt of any grants, donations, or receipts of fundraising proceeds prior to their deposit into UCSC’s accounts.

Adopted: 10/10/2011
Amended: 02/10/2015

URBAN CHARTER SCHOOLS COLLECTIVE
Sacramento, California